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ECONOMIC AND INDUSTRIAL AFFAIRS

No. 2333

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CONTENTS

CEMA MERCHANT FLEET, INLAND SHIPPING COOPERATION DETAILED

East Berlin PRESSE-INFORMATIONEN in German No 116, 1 Oct 82 p 2

[Article by Dr Heinz Rentner, deputy minister for transportation: "Multilateral Cooperation in Seagoing and Inland Waterway Shipping Within the Framework of CEMA"]

[Text] Shipping companies in CEMA member countries today cooperate through seven joint line shipping services. The GDR takes part in six of them going to Africa, South America and the Mediterranean. They facilitate rational shipments, coordinated in time and hence more efficient ones, even to and from third countries.

Coordinating the work of existing and newly to be established line services was among the first tasks of the shipping section in CEMA's standing commission on transportation that was set up 20 years ago. Establishing it laid the cornerstone for the CEMA countries' fruitful and constructive cooperation in seagoing and inland waterway shipping.

Efficient Use of Ships

The growing share of seagoing and inland waterway shipping in increasing foreign trade shipments to many countries of the world now required new forms of organization for this cooperation--by 1960, shipping capacities of the CEMA states' fleets had more than doubled. First the section had concentrated on more closely coordinating the shipping companies of the participating countries while improving the efficiency in the use made of the ships. That included an agreement on standardizing seagoing and inland waterway vessels and shipbuilding specialization measures connected with that. It also was a matter of gradually improving the coordination in the loading of ships from third countries.

In 1962, the joint line service CUBALCO--the Europe-Cuba relation--was set up in which shipping companies of five CEMA member countries took part. For the young republic of Cuba it was the most important basis for maintaining its foreign trade relations at the time of the U.S. engendered imperialist blockade.

Qualitatively a new phase in the cooperation in shipping was initiated by the "comprehensive program for deepening and improving the cooperation and the development of socialist economic integration," adopted at the 25th CEMA conference. Projects on coordinating navigation and navigational policy became more and more the focal point. Here one had to take account of most diversified

interests of the CEMA member countries--due to their geographic location, the status of their economic development and so forth. Those were no easy tasks the fraternal countries had to resolve in concert. Especially the Soviet Union provided its great experiences to it.

A remarkable step forward in the development of cooperation was the founding of joint enterprises. The Soviet-Bulgarian inland waterway shipping company DONAU-TRANS was set up in 1976 and systematically turned into an associative unit. Since 1981 the use of the whole fleet of the five socialist states contiguous to the Danube has been coordinated from a central bureau.

The thus far highest form of socialist economic integration in the shipping field is the economic enterprise INTERLEICHTER. That is a modern transportation system on the basis of lighters, barges, taken by seagoing carriers to India, Kampuchea, Vietnam and back. Four socialist states contiguous to the Danube take part in this joint enterprise.

Also the development of ports, their expansion, reconstruction and modernization, proceeds according to a program coordinated among the CEMA states. From 1976 to 1980, such projects have been carried out in 27 seaports and 13 inland ports of CEMA member countries. In the overseas port of Rostock, GDR-CSSR cooperation in that period produced a modern installation for the transshipment of bulk goods.

Joint Prognostic Surveys

The tremendous development of science and technology also in the seagoing and inland waterway shipping leads to important changes in the structure of the fleets and their technical equipment and then also in the transshipment of goods in the harbors. Through joint surveys ranging all the way to the year 2000, the CEMA states analyze the developmental trends in freigh transport to work out inferences on that basis for navigation.

There is, for instance the freight development in inland shipping for the next 20 years and the concern about possibilities to enhance it further, also by shifting transports over from the railroad and motor vehicles. These topics are of great interest to the GDR. This scientific-technical cooperation under a division of labor is of great value to all participants. It makes possible to save time, use capacities expediently, and avoid duplication. The results are equally available to all countries. GDR transportation finds this cooperation facilitates the solving of important tasks assigned by the 10th SED Congress.

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CSO: 2300/24

EXPANSION OF FOREIGN TRADE CONTACTS DESCRIBED

East Berlin HORIZONT in German Vol 15 No 35, 1982 (signed to press 23 Aug 82) p 22

[Article by Arthur Troschke: "Greater Contacts in Area of Foreign Trade"]

[Text] There has been more news lately about Albania's intensifying its economic relations with many countries. It also is looking for, and establishing, contacts with new trade partners. The assumption of diplomatic relations with other countries also comes with developing economic contacts such as with Japan last year. The intent to surmount Albania's isolation from the international division of labor step by step was noted at Albania's Eighth Workers' Party Congress in November 1981.

Ambitious Tasks

The party congress ratified the directives for the agrarian-industrial state's economic development during the Seventh Five-Year Plan (1981-1985). In this five-year plan, as the journal NEW ALBANIA emphasized, special attention would be paid to "employing all the population that is able to work in useful labor, mainly in the domain of material production."

Demanding tasks have indeed been started in material production. The 1985 national income is to come to from 35 to 37 percent above that of 1980. Overall industrial output is to increase between 36 and 38 percent. Above that rate lie the figures for the oil inudstry (up 42 to 44 percent), the copper industry (up 49 to 52 percent) and the chromium industry (up 77 to 80 percent)--due to an increased use made of domestic natural resources. The agricultural production boost anticipated for 1985 is given as between 23 and 25 percent. By constructing 80,000 dwelling units, 30,000 of them in the countryside, housing conditions for 400,000 people are to be improved in this period (total population circa 2.7 million).

This explains the investment priorities. So the party congress directives stipulate that circa 75 percent of the funds must be used in material production. First and foremost there are the projects that help accelerate industrial and farm production. Then they carry on and conclude the realization of economically important installations. They mention in this connection the "Steel of the Party" metallurgical complex and the hydroelectric plant of

Komani, which will conclude the most important section of the hydroenergy system on the Drini River. They evidently have to catch up with quite a lot that goes back to the time before 1978.

Albania's economic development certainly is not without its contradictions. On that, domestic and foreign experts are agreed. Even though the government appears content with economic advances in recent years, Albanian publications also reveal that the 1981 plan was not fully met in any area despite the partly high growth rates (national income up 6 percent, industrial output up 6.5 percent). There are also increasing indications that in various economic areas the speed of development has slowed down.

Priorities on Exports

All in all, 1982 is considered the crucial year in Albania's current five-year plan. Maximal thrift is demanded everywhere, production intensification, higher labor discipline and dedication, and an extensive use of up-to-date know-how and scientific-technical knowledge and data.

Foreign trade, in connection with that, is of special importance, all the more so, after the party congress issued this announcement: We must abide still more resolutely by the principle to rely on our own capacities and without resorting to foreign aid or credits. So it is up to foreign trade to expand exports while cutting down the import share for certain goods in order to produce, mainly, means for the import of machinery, equipment and complete plant installations technologically efficient. As to the expansion of foreign trade, figures indicate that the 1985 export volume is to be between 58 and 60 percent above that of 1980. Import is to grow, maximally, up to 58 percent.

Expansion for Mutual Advantage

According to statistical data, Albania's foreign trade turnover in 1981 came to between $ 750 and 800 million. The GDR is among the 50 countries with which trade relations were maintained in recent years. Economic relations, of advantage to both sides, have proven stable for years. So it is in both countries' interests to expand their trade--on long-term agreement up to 1985. The GDR supplies textile machinery, harvester-threshers E 512, W-50 trucks, refrigeration and air conditioning installations and equipment, especially for fruit and vegetable storage, rotary cranes and chemical and metallurgical products. Albania offers chromium ore, copper enameled wire, fresh and processed vegetables, spring potatoes, textiles, tobacco and cognac.

Those engaged in foreign trade, in Tirana and many partner countries, keep deploring the fact, however, that the Albanian railroad still does not connect with the European network. So most traded goods have to go by sea route. With evident interest has been noted early this year the Yugoslav-Albanian agreement on construction projects for the Titograd-Shkodra railroad line. Signals on tracks facilitating Albania's export-import with other countries also are expected to be switched on in 1984 as well.

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CSO: 2300/20

FOREIGN CURRENCY EFFECT ON PRODUCTION, CONSUMPTION OF NATIONAL INCOME

Prague PLANOVANE HOSPODARSTVI in Czech No 8, 1982, pp 28-39

/Article by Eng Milos Churanek, State Planning Commission: "Problems of Foreign Economic Relations--Relations of Foreign Exchange to Production and Consumption of National Income"; passages enclosed in slantlines printed in boldface/

/Text/ In view of its limited raw material and energy sources, the CSSR occupies an important position in the international division of labor. Its objectives are reflected in the foreign-trade and foreign-exchange plans and the final results in their implementation. In the 30 years since inception of foreign-exchange planning in external economic relations, many partial changes have occurred in this sector.

From the beginning, when exports were considered to be collections and imports to be payments, planning of the balance of payments has been constantly augmented. One thing, however, did not change: the balance-sheet method which is used to determine the balance of payments as a relation of collections and payments paid in relations with abroad.

For the entire period, foreign economic relations were planned and their implementation expressed in recomputation of foreign currencies to foreign-exchange rates in korunas. Fixing the rate in korunas is necessary, because Czechoslovak foreign trade and foreign exchange are planned as an integral part of the entire national economy.

Foreign economic relations are to promote continued development of socialism and create conditions for permanent increases in the standard of living and reinforcing the securities provided to the populace by socialism. Key objectives of the plan in the area of external economic relations are:

/--supporting proportional development of the entire national economy and using the international division of labor to achieve savings in the national product in the most effective way possible;

/--guaranteeing exchange and compensating for bottlenecks in other branches and sectors, providing support in meeting tasks in the area of production and consumption;

/--helping in providing for the needs of defense and potential material resources of the state;

/--providing aid toward utilization of Czechoslovak industrial capacities and maintenance of full employment;

/--contributing to attainment of savings through coordination of development and production with socialist countries, particularly CEMA member countries, and to implementation of the Comprehensive Program for Socialist Economic Integration;

/--providing aid to industrialization of developing countries;

/--participating in maintenance of international peace by means of direct trade contacts, as called for by the Declaration of Helsinki of 1 August 1975./

Dynamic development of, and advantages offered by, foreign trade depend on smooth cooperation with production and the latter's efficiency. Foreign trade has been blamed lately for constituting a limiting factor in the development of the national economy during the process of expanded economic renewal, namely due to difficulties arising in meeting the balance of payments. Given an imbalanced rate of growth, these difficulties could multiply. Of course, not every imbalance can be considered to be an obstacle to economic growth. Only long-term imbalance of the economic balance of payments and trade tied to the credit balance affects the rate of growth of the national economy. In foreign relations, according to experience so far, it should not exceed 10 years, because of the considerable burden constituted by accumulating passive interest. At the same time, it should not exceed a certain limit, given by computations regarding the future method of repayment and the forms by which the deficit in the balance of payments was offset, as well as by an assessment of potential future exports and imports. To put it simply, imbalance in external economic relations is temporarily admissible with the provision that obtained additional resources will be systematically used to promote a concept for improving the efficiency of the economic renewal process which, at the very least, will make it possible to repay incurred credit to include interest in the future.

Seeing an obstacle in the fact that increased and/or required imports cannot be repaid due to permanent deficits in the balance of payments would, therefore, be incorrect. It usually bears witness to the fact that the overall concept, or implementation of development of the economy and of the standard of living, is not creating the prerequisites for proportionality among the key factors of the renewal process in relation to internal sound dynamic equilibrium.

Dealing with internal disproportions by drawing on external resources or one's own foreign exchange and/or gold reserves has its limits. Incurred foreign credits must be repaid one day. Analysis must be made primarily of the causes for occurrence of phenomena, analysis of their consequences comes second. For that reason, one of the significant shortcomings of economic policy in the Sixth 5-Year Plan must be seen in the fact that:

--the national economy "could and did get used to" drawing on external resources to a considerable extent;

--rooted in the mind of some managerial personnel was the conviction that problems are more easily "solved" through external relations and, therefore, in some cases no other approaches were explored;

--part of the increment in the generated national income was in a "planned" manner achieved at the expense of an adverse balance of payments;

--responsibility for dealing with the incipient problems in external relations was transferred to central authorities and not to the production sphere, so that the pressure for creating the prerequisites for future repayment became diluted to a considerable degree.

On the contrary, an active export policy must create suitable conditions for a lasting, flexible and, from the foreign-exchange viewpoint, effective growth of domestic production and exports, and refrain from transferring shortcomings occurring as a result of failures to meet the export assets quota (e.g., in machinery) or unforeseen imports (e.g., grain) into the permanently deficit balance of payments.

From the viewpoint of external economic relations, a limiting factor can become constituted by, e.g.:

--shortage of suitable effective export assets for which there is a demand abroad or which from the viewpoint of advanced technology are below worldwide average and the offered goods find no market abroad;

--trade-policy obstacles and commercial difficulties on foreign markets (e.g., due to discrimination, inadequate trade-policy backing, tariff barriers, poor or ineffective marketing network, etc.);

--relatively diminishing effectiveness of exports reflected, e.g., in the level of prices achieved abroad (to include barter relations), in terms of payment, territorially oriented currency exchange, inclusions of less effective items in exports (due to the need for equalizing the balance of payments), etc.;

--difficulties in obtaining or reopening foreign resources. The point is that not always are conditions abroad conducive to securing cheap or optimum credit. A factor herein may sometimes be political discrimination.

The key factors usually considered to affect the growth of national income in general are:

/--growth in productivity of labor and employment (this, of course, must not involve extensive employment, which usually results in reduced effectiveness);

/--the state and efficiency of fixed assets (discontinuation of ineffective productions and installations of highly modern and advanced facilities with optimum input of new means);

/--noninvestment factors (e.g., drop in consumption by production, or improved valorization of raw and processed materials at lower energy consumption);

/--putting to use the results of scientific and technological development and their introduction into practice in a relatively short time;

/--external economic relations, particularly in economies of the processing type, where there may exist a high degree of dependence on importation of raw materials, fuels and other materials./

Foreign trade affects the growth of national income, the structure of the gross national product /GNP/ and, in competitive encounter on foreign markets, also effectiveness. It can also contribute to expansion of a specific production, its orientation to production in series and lowering of production costs. If the structure of production and exports does not correspond to the marketing conditions abroad, it can and often does lead to occurrence of imbalances, to reduced effectiveness, to an effort to export goods at any price. That can cause a deterioration of one's own good position on the foreign market and loss of goodwill traditionally earned by superior goods abroad. No onetime good-quality product enjoying a good reputation can permanently survive abroad or at home without innovation from time to time.

Foreign trade, in spite of a temporary stagnation, can prove to be a growth factor if there occurs a change in its structure which affects the composition of investments, specialization of production, overcoming of bottlenecks, providing for material balance or imbalance in a key sector. This circumstance must be systematically put to use by adopting measures that would translate into a qualitative shift toward intensification of the economic renewal process. To make use of foreign trade and an extensive factor on a permanent basis means to further aggravate the effectiveness of the national economy.

The relation of foreign trade to the national economy and to foreign countries must be in harmony. The complexity of interlinkage between internal and external relations, reconciliation of short-term and long-term possibilities with the needs and equilibrium relation is multiplied by variation in price levels (domestic and worldwide), territorial foreign-exchange problems, trade policy and payments, overall effectiveness and that of individual commodities and operations.

There are two basic approaches to overcoming tension in internal resources while maintaining the standard of living, namely:

/--by one's own resources and measures within the economy;

/--through external economic relations, i.e., foreign trade and the sphere of foreign exchange./

In planned socialist and planned nonsocialist economies, bottlenecks manifest themselves and are detected, as a rule, by the balance-sheet method which is of prime importance in the area of external relations. However, the point is not just the balance-sheet method per se, because in the end everything

must find its own equilibrium, but the real point is at what level is development taking place and how much it costs. If in the national economic balance (of national material resources and allocations as well as of gross national income and spending) exports stand on the side of needs and imports on the side of resources, then matters are the opposite in a balance of trade, because the trade balance effects with the difference in its balance (active or passive) within the economy are opposite to those outside of it.

The situation is similar in the balance of payments, which has a wider scope than the trade balance, where collections from exports of goods and services represent income while payments for importation of goods and services represent expenditures. Balance of trade in a developed form is based rather more on utility value, while the balance of payments employs primarily the viewpoint of value.

While the balance-sheet method does show what on the side of resources is in excess or is lacking, it does not solve the situation by itself. That must be done in the form of an economic decision as to how and with what means to achieve a balance, whether by modifying the area of resources or that of needs.

/It is an axiom of an open economy that the sum of investments and an active balance in foreign trade equals savings, i.e., that part of the national income was not consumed. When the foreign-trade balance is even, then investments represent savings. With an active balance the increment in production assets is smaller than savings, because part of the national income was transferred abroad through exports that exceed imports; thus are generated accounts receivable or the active surplus in the balance of trade is applied to other foreign-exchange purposes. That is why some economists consider exportation of machinery and installations on long-term credit to be, in a certain sense, a form of investment abroad. When the surplus in the balance of trade is passive, matters are opposite--use was made of foreign resources, credits and the country is in debt./

The problem of foreign trade are not limited to merely balancing imports and exports, but are concentrated on implementation of necessary imports as low as possible in material and value and optimally favorable exports. That depends to a considerable degree on the export structure. What is strived for is that production of a foreign-exchange unit (dollar, or another currency) measured by expenditure of required national labor in korunas be as favorable as possible for overall exports. Thus, the decisive element is not only the price of exported goods (in comparison with full production costs or wholesale prices) from which, for comparison purposes, must be subtracted also commensurate active interest in cases of exports on credit in excess of 1 year, but consideration must also be given to the rate at which the exchange takes place or how much labor, expressed in korunas, must be expended for the required imports.

Comparison in the area of external economic relations is rendered considerably more difficult by price fluctuations, which is detrimental to the value of long-term accounts receivable that are to be used for future payments.

Even though it is not fully possible, due to changes in the level of wholesale prices, to reliably assess comparable series of increments between years in produced and consumed national income in the years 1973-1980, it turns out that the national economy did not manage to generate in those years a sufficient amount of its own resources to cover the entire increment to national income and that it had to resort to a certain extent to foreign resources in a measure exceeding that of previous years.

If we compare the annual increments to the produced and consumed national income it turns out that consumption of national income was exceeding its production. That is evidenced by the passive surplus expressed in billions of korunas in current prices.

Table 1 Annual Increment in National Income

Year	Produced	Consumed	Difference
1970	18,7	15,6	+ 3,1
1971	15,5	12,4	+ 3,1
1972	18,4	18,4	—
1973	16,9	24,1	— 7,2
1974	27,2	32,6	— 5,4
1975	19,0	19,9	— 0,9
1976	8,8	14,8	— 6,0
1977	— 3,2	— 6,1	+ 2,9
1978	23,0	20,7	+ 2,3
1979	22,7	17,1	+ 5,6
1980 předběž.	19,4	17,0	+ 2,4

1980 preliminary
Prices 1970-1976 as of 1 Jan 67, 1977-1980 as of 1 Jan 77.
Source: Statistical Yearbook of the CSSR--own calculations.

Minus difference due to a change in wholesale prices as of 1 January 1977, while not indicating absolute, comparable use of foreign resources prior to that date, they do indicate the tendency that caused them. At the same time, it is more or less only illustrative data.

A certain trend is also evidenced by relative comparision of increments in produced and consumed national income in current prices (in percent):

Table 2

Year	Produced NI	Consumed NI	Difference
1970	6,4	5,5	+ 0,9
1971	5,0	4,1	+ 0,9
1972	5,6	5,9	— 0,3
1973	4,9	7,2	— 2,3
1974	7,5	9,2	— 1,7
1975	4,4	5,1	— 0,7
1976	2,4	3,6	— 1,2
1977	— 0,8	— 1,1	+ 0,3
1978	5,5	5,0	— 0,5
1979	5,2	3,9	+ 1,3
1980 předběž.	3,2	3,7	— 0,5

1980 preliminary
Source: Statistical Yearbooks of the CSSR 1970-1981--own calculations.

An iterative comparison of importation demands, i.e., the ratio of increment in imports to the increment in national income, expressed by the formula $\frac{A\ I}{AND}$ and coverage of imports by exports affords in a comparable series and free-freight prices a somewhat different view:

Table 3

Year	$\frac{A\ I}{A\ ND}$	$\frac{V}{D} \cdot 100$	
		Total	NSZ
1975	0,646	85,7	76,0
1976	0,770	85,7	66,9
1977	0,853	85,7	72,0
1978	0,478	86,6	75,9
1979	1,093	88,9	76,2
1980	0,458	93,6	90,7

Source: Statistical Yearbooks of the CSSR 1970-1981, calculations of national income in current prices, otherwise in comparable free-freight prices.

In regard to the preceding table, it ought to be pointed out that it uses somewhat different categories of prices, as increments in imports are quoted in comparable free-freight prices and increments in national income in comparable prices of national income, i.e., in wholesale prices.

Even though national income affects the overall surplus of the trade balance and an increment in imports is thus not directly tied to it (and prices are also in different categories), the demands posed by imports expressed by a relative ratio can have a certain predictive capability. Namely, it shows what was the relation of the increment in imports to the increment in national income (consumed), or to what extent this increment had to be covered by imports.

Prevalence of imports over exports in a relative representation shows what percentage of imports had to be covered by exports, which is of importance to the state of equilibrium of the balance of payments, on the one hand, and directly affects production and consumption of national income, on the other hand.

The increase in comparable share of imports in produced national income, which increased in 1976-1980 by approximately 40 percent in comparison with the average for the preceding 5-year period, while reflecting a higher degree of participation in international division of labor, it shows that the balance between exports and imports took a detrimental turn. For each increase in produced national income on the order of Kcs 1 billion, additional goods had to be imported to an amount of approximately Kcs 320-350 million. While comparable exports increased about 69 percent, imports increased 110 percent (in freight-free prices), which naturally became reflected in the balance of payments.

It ought to be emphasized at the same time that even 100-percent coverage of imports by exports (both in freight-free prices, i.e., including direct business expenses abroad in the case of imports), is not sufficient to balance,

under Czechoslovak conditions, the balance of payments. This is so because the latter includes in addition to exports and imports also credits, or collections and payments for goods and a number of items that have nothing to do with goods or trade and are purely financial, be it expenditures for and income from tourism, payments for Czechoslovak representative and other offices abroad, so-called nonbusiness transfers, such as inheritances and dowries, payments for interest (active and passive, etc., aside from the heterogeneity of monetary structure under which foreign trade takes place.

Of importance to all these considerations is the criterion of comparability. This is provided, e.g., by physical representation of foreign trade. Still, in 1973 exports in physical representation had a slight lead, but as of 1976 price increases in foreign trade became reflected in deteriorating trade relations, a faster growth of imports over exports so that this imbalance had to be covered by higher exports in physical representation.

Table 4 Foreign Trade Index in Physical Representation

Year 1970=100	Turnover	Imports	Exports	exports / imports
1973	121,0	121,0	120,9	99,9
1976	143,6	141,4	145,8	103,1
1979	168,0	160,2	175,7	109,7
1980	170,8	157,6	183,9	116,7

Source: Statistical Yearbook of the CSSR 1981.

Thus, exports in physical representation were higher in 1980 in comparison to imports by more than 26 points as compared to the basis for 1970. This process continued in 1981 and is liable to continue through the remaining years of the Seventh 5-Year Plan, because prices of raw materials and fuels will continue to exceed the prices of finished products. Trade relations in the specified items changed over the past decade to the point where for importation of the same amount of raw and processed materials and fuels a two-fold amount of goods had to be exported in 1980. This price increase can be compensated only by improved effectiveness of exports, i.e., exportation of technically perfect and reliable products which price can include collection for return on investment in technological progress.

However, inflationary increases and their effects do not have a linear progression; there sometimes occur unforeseen fluctuations and time shifts.

/Measures adopted by the government for improving planned management of the economy are of extraordinary importance for the sphere of external relations. Their objective is to reinforce and add flexibility to deliveries for exports and to promote the type of imports that are sound for balanced development of the Czechoslovak economy and maintenance of the extent high standard of living.

/Government Resolution No 42 of 31 January 1980 approved the "Set of Measures for Improving Planned Management of the National Economy After the Year 1980." As of 1981 a switch has been made from volume indices to indicators of net

industrial production (production cost - value added), i.e., that value also figures in deliveries for exports.

/Consumption of raw materials and energy, which in comparison with the world-wide average is excessive, also becomes reflected in demands on imports. For that reason, the new system of management and solution of tangible problems makes use of qualitative indices. After all, e.g., the value of material consumption in 1980 amounted to roughly Kcs 700 billion. Even a saving of 1 percent in this area would be of great significance.

/Such insights should lead to reassessment of the status quo. Particular consideration should be given herein to development of production for exports, demands on imports and assignment of certain priorities in this respect./

Foreign trade and its results ought to wield a more significant influence on the production sphere. Thus, the Set of Measures must be considered to be an open system which in the coming years will be subject to improvements and adjustments to prevalent needs.

As is well known, after 1973 the world experienced a price and monetary crisis whose adverse repercussions became gradually reflected also in the CSSR balances of trade and payments. The relation of foreign trade, or its relative effects on increments to consumed national income, can also be expressed in the form of a mutual ratio of increments in the comparable surplus in the trade balance for a given year. National income in current prices shows this relation to the comparable data of the balance of trade.

Table 5

Year	Year-to Year Increment in Consumed NI (in percent	Share of Trade Balance Surplus in Consumed NI in percent	Annual Increments After Deduction of Change in Consumed NI Surplus of Trade Balance in (percent)	Effect of Foreign Trade on NI in percent
1971	4,1	— 14,2	4,7	— 0,6
1972	5,9	— 6,5	6,3	— 0,4
1973	7,2	+ 29,2	5,1	+ 2,1
1974	9,2	+ 22,1	7,1	+ 2,1
1975	5,1	+ 25,1	3,9	+ 1,2
1976	3,6	+ 10,8	2,9	+ 0,7
1977	— 1,1 (2,8)	+ 8,5	— 0,6 (2,2)	+ 0,6
1978	5,0	+ 14,9	4,0	+ 1,0
1979	3,9	+ 17,8	4,8	— 0,7
1980 předběž.	3,7	+ 12,8	3,3	+ 0,4

Note: The calculations have been made with the use of data of the Statistical Yearbook of the CSSR. The year 1977 deviates from the series due to a change in wholesale prices, which interferes with comparability.

The above table shows that the passive trade balance has been showing a permanent trend since 1973, or that use was made of external resources toward higher consumption of national income than the produced national income would have allowed.

As achievement of an equilibrium in the balance of payments and mobilization of all foreign-exchange resources is of extraordinary importance for the entire CSSR economy, some methodological and other adjustments were undertaken also in this sphere in addition to improvements in planning.

Methodology for Planning the Balance of Payments After 1980

Changes in the system for management of the national economy are to render the entire process of economic renewal more effective and help achieve in the area of external economic relations solution of equilibrium problems. This involves, on the one hand, changes in the foreign-trade plan for the years 1983-1985, which should provide for a greater leeway for applying the initiative of sectorial authorities in providing for the planned relation to foreign trade and, on the other hand, some changes in the area of foreign-exchange plans, i.e., the balance of payments.

In the Czechoslovak planning concept, the balance of payments represents a comprehensive indicator of external balance (i.e., foreign-exchange income and expenditures for a given period), but fails to provide a comprehensive outline of the overall foreign-exchange position of the country in dealing with other countries and of the effectiveness of the exchange process. While it shows what had been received, or paid out in foreign exchange, it does not show what failed to be paid for, or whether we have some accounts receivable. It also fails to illustrate the liquid state of foreign-exchange economy. Even though the balance of payments can show an overall balance, at a given moment it could lead to some difficulties in payments, be it for reasons of monetary structure or a delay in an anticipated collection.

On the other hand, a foreign-exchange position which expresses the state's indebtedness to foreign countries as well as its assets abroad, to include reserves, provides a substantially more comprehensive outline of the economic situation and, if it is suitably subdivided into assets and debits according to their terms of payment, together with the schedule of payments, it can provide a relatively good picture of the country's future liquidity. This liquidity must be provided for in foreign exchange by reserves and collections, i.e., coinciding in time with foreign-exchange payments.

/Thus, the foreign-exchange plan for the balance of payments cannot be considered to represent merely a sum of certain balanced or imbalanced numbers, but as a set of measures. That is an entirely new outlook which, under current as well as long-term conditions, will be assuming increasing importance. This set of measures can concern all or only some branches of the national economy, but, for all practical purposes, it affects all of its sectors--production, consumption and distribution./

In the state's foreign-trade plan and the foreign-exchange plan there is interlinkage between the balance of trade (in prices of agreed-upon commercial parity), foreign-exchange needs and the balance of payments. Since 1981, there has occurred a partial change in the methodological approach to compilation of the foreign-exchange plan. First of all:

a) there is a clearer differentiation between foreign-exchange relations in regard to the foreign and domestic market;

b) methodological instructions also call for compilation of a balance of payments, primarily economic (i.e., changes in proprietory relationships with other countries) which is tied to the gross foreign-exchange position, i.e., net proprietory relation to other countries, and the planned balance of payments which is tied to changes in the initial and final state of the foreign-exchange balance.

The new concept of the foreign-exchange plan, which accommodates primarily the banking sector, has a somewhat different arrangement in relation to socialist countries as well as to currencies of nonsocialist countries than had been the case. In socialist currencies the differences are, for all practical purposes, negligible, because everything is projected either through trade accounts of a clearing type, or noncommercial accounts with the Czechoslovak Trade Bank and changes can occur only in isolated cases. In the case of nonsocialist countries, relations to the domestic market can involve obligations or accounts receivable in foreign currency from the domestic market, compensation for foreign-exchange sales, interest to foreign-trade organizations for sales of foreign exchange due to time differences or interest to the Czechoslovak Trade Bank, allocation of resources and funds, etc. These items are in a number of cases balanced, so that, e.g., reconstruction calculations for the years 1979 and 1980 show that:

--no difference exists for the time being between the economic and the planned balance of payments in clearing-type relations, i.e., relations to the domestic market need not be taken into consideration, because eventual allocations of funds and resources are made in freely convertible currencies;

--the difference between the economic and planned balance of payments in freely convertible currencies (change in foreign-currency balance) is reflected in the area of resources and funds to include foreign resources obtained through the banking system. In the plan it is concentrated on allocation or use of governmental foreign-exchange reserves. Only by a change in proprietor--not by a mere transfer, which could mean simply a deposit made abroad--does there occur a differentiation between the domestic and foreign market. This differentiation is of importance for final comprehensive accounting and its effects on adjustment of the annual foreign-trade plan and for the foreign-exchange plan.

The difference between domestic and foreign relation is confined in the plan, for all practical purposes, to allocation or drawing on governmental foreign-exchange reserves and appears as such in the title of the bank transaction. Interest changes in auxiliary foreign-currency expenditures and bank operations are compensated in full.

As the foreign-exchange plan is compiled, for all practical purposes, on two levels, it can be a dual character--relation to the domestic and to the foreign market. The former applies in a case when the reserve was generated during accounting for the results achieved in the preceding year. Its use can also assume the character of domestic relations, if it involves, e.g., allocation of a governmental foreign-currency reserve. In the latter case, nothing is actually happening internally or externally. The domestic foreign-exchange relation of one item (allocation of a governmental foreign-exchange reserve) becomes reflected in reduction of another item in the bank. Other situations can also occur, of course, such as, e.g., when the reserve from the preceding year is to be used for meeting imports, or some other reasons (increase in import prices), or generation of current reserves. In that case, even in the plan it acquires the nature of foreign relations and is projected through imports into the balance of payments, even though the change into a foreign relation will occur only after drawing on a reserve, or after imports take place.

/It follows from the new configuration of the balance of payments that the sum of foreign relations represents a deficit or an excess, which must be met either through one's own resources (in the foreign-exchange balance) from the governmental foreign-exchange reserve or from foreign resources obtained through a bank. In any case, it represents a change in the state of proprietorship, or in the gross foreign-exchange position of the country, be it active or passive. Obtaining of foreign resources (financial) comes under the jurisdiction of the banking system, procurement of credits for goods (for enterprises) comes under the foreign-trade sector, credits for goods (for the government) is under governmental jurisdiction, and management of foreign-exchange reserves is under the jurisdiction of central authorities, the government, the State Planning Commission, federal ministries of foreign trade and finance./

Statistical returns in the area of foreign exchange take into consideration the viewpoints of the banking sector. In addition to linkage to the foreign-currency plan and the particular Czechoslovak methodology, the balance of payments follows in essence the classification promulgated by the IMF.

Differentiation between domestic and foreign relation in foreign exchange need not always be unequivocal in the period when the plan is compiled, even though in implementation it definitely is so. For example, in planning the so-called margin from foreign-exchange credits and interest receivable, which flow into the governmental foreign-exchange reserve, while domestic relations are involved, because it involves a relation in which the means shown in foreign exchange are not proprietarily transferred to a foreign proprietor and appear as an active contribution to the governmental foreign-exchange reserve in a gross foreign-exchange position (proprietal balance). However, the question arises as to how this contribution should be viewed in utilizing foreign resources, whether it could have been or was made possible by parallel utilization of foreign resources, but at a higher interest rate, than is represented by the interest contribution of the governmental foreign-exchange reserve. There is no doubt that a certain role is played herein by the problem of overall liquidity.

/Even though the foreign-exchange plan is based on the currency sphere, the latter promotes territorial relations with individual socialist countries. These relations are based on negotiations made in consultations among central planning authorities, long-term agreements concluded by the Ministry of Foreign Trade and memoranda. Matters are different in the case of nonsocialist countries where there still prevails the principle of buying and selling "at optimum terms." However, that does not mean that foreign trade does not take into consideration other aspects of foreign-trade activities, i.e., resources in clearing accounts, obligations incurred through annual protocols and other trade-policy documents and viewpoints (e.g., exchange relations with certain regions, etc.)./

Some problems of interface of the material plan of foreign trade with the foreign-exchange plan are constituted by the fact that, e.g., included among reserves in the foreign-exchange plan are those that have a counterentry in the implementation plan of foreign trade--imports--and accounting in relation to the estimated implementation is sometimes extraordinarily difficult. Thus, e.g., if advances or shortfalls in imports are involved, differentiation must be made not only between relations to trade balance, but also to the balance of payments.

It is also possible that in implementation of the foreign-exchange plan there can turn up actions "outside of the plan," in both the material and intangible part. These unplanned actions should be roughly balanced (e.g., reexportation), and if that is not the case, it must be taken into consideration in comprehensive assessment.

In the foreign-exchange sphere also appear all exports and imports to include unplanned actions. In this context, while it is possible to differentiate the material part, i.e., planned and unplanned exports and imports, this cannot be done in the attendant parts of the import needs, primarily in the area of certain services (transportation, ancillary foreign-currency expenditures, change in export accounts receivable and short-term import obligations, etc.). It is for this reason that the method of "splitting-off" certain services, particularly transportation and ancillary foreign-currency expenditures, the planning of which is based on an estimate of implementation and, later, on the factual state for the entire preceding year, takes into consideration in percentual representation the relation to overall material implementation and to planned material implementation. However, it ought to be pointed out that the differences are not substantial, unless implementation is affected by some extraordinary items (e.g., a significant role is played by transportation).

The balance of payments in the state plan can be planned for various periods (a year, 5 years). When it is compiled for a period in excess of 1 year, use is made, as a rule, of fixed prices of the initial year and, to facilitate comparison, are recomputed on the basis of fixed rates (coefficients).

Compilation of 5-year plans in foreign trade and in the foreign-exchange area, in addition to providing comparability of price levels in imports and exports and rate recomputations, has several specific points:

1. During breakdown or detailing of specifications: export tasks must be specifically targeted on individual carriers (VHJs, OZO/[foreign-trade organizations]) in freight-free prices; herein the targeted organizations usually are not identical. These tasks, with a view to eventual future price fluctuation, are to provide for an equilibrial balance of payments.

2. During implementation of a medium-range plan: the 5-year plan is made up by annual (implementation) plans which in their sum for the entire 5-year period can differ considerably from the original plans in fixed prices. Assessment of 5-year plans calls for performing a number of recomputations (of prices, rates) for comparability's sake.

3. As a consequence of this experience, two medium-range plans were prepared for balance-of-payments purposes for the period of the Seventh 5-Year Plan, namely:

--plan in fixed prices and recomputation rate ratios of the initial year;
--plan in the so-called predicted exports and imports in predicted prices.

Contemplation of price development on the world market is fraught with certain problems that can occur due to a number of unforeseen causes. They are based on certain assumptions of compatibility of Czechoslovak export assets on the world's markets, i.e., from the viewpoint of production and labor of Czechoslovak foreign trade.

Also the problems attendant to the foreign-exchange plan and its implementation cannot be disregarded. Fluctuations and changes in the rate of exchange bring along a number of problems, primarily in periods of the prolonged rise of some currency (e.g., increase in the exchange rate of the U.S. dollar in 1981). As is known, Czechoslovak State Bank issues monthly a list of rate quotations. In imports and exports, assessment of accounts receivable and obligations, or collections and payments, is sometimes based on the rate of a specific day. Accounts in ledgers of OZO, are kept in korunas, in the Czechoslovak Trade and State Banks also in the original currencies. Thus, their assessment on the basis of the rate of the last day of the year can produce some anomalies. For example, the increase in dollar rate which occurred in early 1981, roughly by 15 percent, translated at that time into a corresponding loss in korunas. For that reason the banking system, which manages foreign-exchange reserves, must provide the national economy with appropriate instructions and guidance for how to proceed in similar situations to minimize the risk posed by monetary structure. In this respect the role of the bank is irreplaceable.

/Making use of foreign-exchange-rate policy is important not only from the national, but also from enterprise viewpoint. If, e.g., a debt in dollars is involved, the amount of debt did not increase in the foreign currency, but the dollar equivalent in korunas increased (or decreased). This can be an advantage, or its opposite. A partial defense may be offered by utilization of futures contracts which are routine particularly in capitalist countries. Use is also made of various protective currency clauses./

Foreign-exchange assets and debits are drawn up annually. In this case it appears most suitable to use recomputation into korunas with the use of a certain fixed rate (preferably average). This does away with changes caused by constant fluctuation of foreign currency rates and differences in korunas, as values in the original currency do not change. Such changes should be taken into account only in cases where a certain allowable limit has been exceeded.

Arbitration, which naturally is of a speculative nature, is based on the principle of uneven development of mutual relations of key capitalist currencies.

Currency rates, or recomputations by coefficients are done after the fact. Determination of rates for the plan before the fact would pose considerable risks. In fluctuation of prices, differentiation must be made of those that occur on the world market on the basis of the law of supply and demand to include inflation. Effects of rates can, but need not, have anything to do with price fluctuations.

The effects of a foreign currency rate on immediate implementation in korunas can be shown by means of the following example (supplanted data):

Plan	millions of dollars (at Kcs of 6 to $1)	Kcs million
Exports	100	=600
Imports	80	=480
Trade balance	+20	+120
Foreign-exchange requirements	-20	-120
Balance of payments	--	--

Implementation A	millions of dollars (at rate of 5.80 to $1)	Kcs million
Exports	120	696
Imports	100	580
Trade balance	+20	+116
Foreign-exchange requirements	-21	-121.80
Balance of payments	- 1	- 5.80

Implementation B	millions of dollars (at rate of 6.10 to $1)	Kcs million
Exports	120	732
Imports	100	610
Trade balance	+20	+122
Foreign-exchange requirements	-19	-115.90
Balance of payments	+ 1	+ 6.10

In implementation cases A and B the trade balance in dollars remains the same, in korunas (foreign exchange) it is lower in case A and higher in case B.

If the case is to be concluded from the viewpoint of the national economy as a whole, from foreign-exchange requirements to the balance of payments, then the plan was based on an even balance of payments, so that foreign-exchange requirement was equal to the asset with the opposite sign. In implementation according to A, the foreign-exchange requirement increased due to higher transportation fees and, in koruna representation, the balance of payments became passive. In implementation according to B, the foreign-exchange requirement is lower by savings (e.g., in transportation charges or at higher income from nontrade payments for tourism) and the balance in dollars as well as in korunas is active. This extremely simplified computation shows that fluctuations in foreign-exchange rates can lead to certain active or passive consequences, particularly during revaluation and devaluation of foreign currencies. However, the final effect depends primarily on the mutual ratio between exports and imports, effects of foreign-exchange requirement and a possibility for comparable confrontation, which exerts the maximum effect on the final result of the balance of payments in foreign-exchange koruna.

Relationships in the area of external economic relations are extremely multifaceted and complex. Their importance to production and consumption of national income is undeniable. Proportionate development of the national economy does not mean only composite internal and external balance equilibrium, but also balanced proportions between the structure of production, consumption and distribution. External equilibrium can be and is a limiting factor in development of the national economy, even if it cannot be branded as an obstacle to progress. The importance of these effects becomes particularly noticeable when we take under consideration the key objectives of the plan in external economic relations--use of the international division of labor toward improving the effectiveness of expanded economic renewal.

/External relations form an integral part of the national economy. Foreign trade and developments in the sphere of foreign exchange cannot be viewed as a passive result of any kind of economic development. Their task is to actively influence production and consumption within proportionate development of the national economy, affect their structure and costs, and, thus, productivity and efficiency of the entire economic process.

/One thing is certain--without external economic relations there would occur a drop in production and consumption, there would be a decrease in the overall effectiveness and employment of the populace. Therefore, creation of suitable conditions for exports must be guided by the principle of efficiency which, particularly in times of a buyer's market, i.e., competitive tension in the world, shortage of raw materials, fuels and energy and their increasing prices, must play a substantially more important role than had been the case.

/Sound economic development also brings about commensurate growth of national income, the consumption of which should not in the long term exceed the possibilities of the economy. In examining the position of foreign trade and external relations in the fiscal plan as a whole--in which surplus in the

balance of payments is formed by resources and surplus in credit relations by resources or needs--it could lead to the conclusion that an active balance of payments and granting of credits to foreign countries (in a greater extent than is represented by down payments on previously granted credits) are unsuitable from the domestic viewpoint, as they reduce the possibilities for consumption of the national product and national income, in addition to having an inflationary effect on the currency plan. It stands to reason that this would be a considerably one-sided conclusion, because it fails to take into consideration the realistic potential for marketing on foreign markets and the importance of Czechoslovak machinery sector exports which constitute our key means of payments and must flexibly adapt to worldwide commercial conditions./

On the other hand, it certainly would be incorrect to propound the other extreme, that it is better to have a passive balance of payments and meet deficits by loans from abroad. Higher exports, as is well known, increase the possibilities for consumption of gross national product and of national income and the national economy obtains means, foreign exchange or goods, that promote distribution as well as improving the standard of living, supplying the domestic market and accelerating economic development in general. Such an alternative must always receive due consideration, because borrowed means will have to be paid back in the future with interest, which in view of the rates is not negligible.

Acceptance of credit (loans) also has an extremely different connotation when it involves credit for expansion of the material base of production which will contribute to accelerated repayment, or if it involves credits of a consumer nature which will have to be repaid from generated national resources.

The complexity of interface between internal and external relations and reconciliation of long-term and short-term possibilities with needs is constituted by the fact that external economic relations transposed into internal economy operate at varying price levels and are affected by technical, territorial currency, trade policy, commercial and exchange-rate problems, as well as by payment terms on the various markets. Good and effective results can be mainly provided only by a sound economic base relying in efficient domestic production, the characteristics of which are comparable in all respects with the best in the world. This in no way detracts from the merits of the tasks tended to by the foreign-trade and banking sectors in helping to achieve favorable foreign-trade results and meeting of plans in external economic relations.

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SET OF MEASURES WAGE DEVELOPMENTS IN TRUST VHJ DISCUSSED

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[Article by Eng Pavel Kasparek, Czechoslovak Automobile Works: "Experiences with Wage Regulation in Automobile Industry"]

> [Text] One year is a short period from the standpoint of the 5-year plan. Nevertheless, at least partial conclusions can be drawn from the experiences of last year--for example, as to the effect of the Set of Measures on regulation of wages payable by the middle level of management--trust VHJ [economic production units].

New Rules

Four fundamental changes were effected in the existing system as of 1 January 1981:

-- in the management level regulating wages payable (they are no longer controlled by the enterprise, but by the trust of concern);

-- for planning and regulation purposes, wages payable are broken down into the base and incentive components. A separate indicator is specified for each of them according to which the fulfillment is computed;

-- qualitative indicators (in the first place, adjusted value added and return on production assets) and progressive, differentiated conversion coefficients are set for calculation of wages payable;

-- special compensations fund is used as a planned reserve in wage regulation and as the source for payment of shares.

These fundamental changes call for new ways in thought and evaluation of the development in enterprises and VHJ. The change in the management level at which it is determined whether or not the planned relations between the value added and wages paid was maintained strongly affected the methodology, management, recordkeeping and the subsequent planning of wage regulation.

In order to ensure the proportionate relation between the planned tasks at the general directorate, enterprise and among the enterprises in their relations

to one another, trust rules were issued for regulation of wages payable during the entire Seventh 5-Year Plan. The following problems are dealt with in a completely new way:

-- how to proceed, if due to the different calculation bases and, above all, due to the different share of adjusted value added and return on production assets, the VHJ does not relatively exceed wages, while some of its enterprises do;

-- how to proceed against the enterprises which plan low returns on production assets;

-- how to evaluate the wage development in production enterprises and nonproduction organizations (Mototechna, Design and Engineering Enterprise, Research Institute for Motor Vehicles and apparatus of the general directorate);

-- how to evaluate the enterprises which achieve a small increase in gross production or commodity production.

The evaluation of results achieved during the first quarter and first half of 1981 reveals how successfully the above problems were solved.

First of all, a few words about the breakdown of wages payable into the base and incentive components. During the initial period of regulation of wages payable the opinion prevailed that the planned breakdown of wages payable into two components must conform to the breakdown of wages into wages according to and above the wage scale. Agreement was eventually reached that the breakdown into the base and incentive components was a tool of planning and management, and was not completely identical with two separate accounts for these components. This new element in the use and extended effect of the plan of both wage components in combination with the plan and actual compliance with the key indicators has not yet been fully understood in many enterprises. For this reason also it is rarely used in management. The idea persists that wages play the following key role in wage regulation: if the enterprise does not produce new values (adjusted value added and profit) according to the plan, wages will be clashed immediately just as when the indicators of personal financial incentives are not complied with.

The purpose of wage regulation is to make proportionate use of wages for increasing newly created value and satisfaction of needs. Maintaining the desirable proportion thus depends not on wages alone, but primarily on the size of the newly created value (that is, on the amount of adjusted value added and profit).

Some enterprises have not realized this in time. For this reason, they control the dynamism of newly created value by introduction of new products, reducing costs, utilizing fixed assets better, increasing exports and quality. This makes it possible for them to allocate a larger proportion of the newly created value to the wage fund.

New and more complex is the interpretation and use of sectorial and enterprise financial incentives--of the special compensations fund. It is generally due to the fact that the weight of these financial incentives has been and still is small. The role of this fund, together with the sectorial and enterprise khozraschet, has been enhanced for the Seventh 5-Year Plan. Since this is an important part of regulation of wages payable, the establishment, distribution and use of the special compensations fund was dealt with in the directive which had been first discussed with the ROH [Revolutionary Trade Union Movement] organ. The directive was necessitated by the establishment of the special compensations fund for the sector, management of the newly created value by the sectors and redistribution of the newly created value among the sectors and enterprises, a factor which is to create financial incentives for promoting the dynamism of production and attaining the targets set for the entire scale of finished products (and not for inventories of incomplete components only).

At the trust level, the procedures had to be devised for the following cases:

-- if the resources are not produced according to the plan for the special compensations fund (individual enterprises exceed or fail to produced planned profit);

-- how to distribute the special compensations fund set up for the sector, if individual enterprises withdraw an absolutely or relatively larger proportion of wages before they produce new values or fail to show relative savings;

-- the procedure for dividing the funds allocated to financial incentives which are acquired for better export results.

Experiences With Wage Regulations

How were the most important differences between the old and new methodology reconciled?

The enterprises which reported a relative excess of wages from the beginning of the year were reprimanded and had to enact measures in accordance with the FMPSV [Federal Ministry of Labor and Social Affairs] Decree No 143/80 of SBIRKA (making up for the relative excess). The enterprises in which the adopted measures were expected to be effective were allowed (on the basis of the FMPSV guideline) to add the difference between the calculation bases to the wages payable. This addable item was applicable only for the period in question, could not be used for personal material incentives and the indicator of compliance with the wage limit was regarded as not having been met.

In the future, there obviously will have to be a differentiated attitude toward individual enterprises and the reasons for why they relatively exceed wages will have to be taken into account.

The effect of individual influences on wage regulations during a certain period of time has not yet been verified. For example, in individual quarters with reference to the annual plan. Specifically, this involves aliquot shares in

the fulfillment of individual indicators which are of decisive importance for wage regulation. Equally important is the profit produced since the beginning of the year in relation to the fulfillment of individual indicators, because in this instance the profit performs the function of the source for the special compensations fund.

No less important problem was the attitude toward enterprises which have planned very low returns on production assets. In this instance, a very small absolute amount of profit causes big fluctuations in the indicator fulfillment and therefore has considerable impact on the incentive wage component. To prevent the negative effect, two solutions were adopted: in special purpose organizations, it is not the return on production assets which is used as the key indicator for the incentive component, but the indicator of return on the overall costs, which is more stable. And the upper limit of conversion was set in case of the better fulfillment of the key indicator--all enterprises of VHJ can recalculate the wage components up to 104 percent of the key indicator.

From the standpoint of wage regulation, the most advantageous solution would be to reduce the dispersion of the indicator return on production assets among individual enterprises. At the present time, it fluctuates from 2.02 to 22.4 while the finalists are well below the trust average. This, however, would require far-reaching interventions in price formation in individual sectors.

The Czechoslovak Automobile Works VHJ also has its special-purpose organizations. It was, therefore, necessary to differentiate in the method of wage regulation between the production and nonproduction enterprises. Among other reasons also because in the nonproduction enterprises the indicator of adjusted value added does not express the contribution of the organization to the newly created value in the sector and the usable amount of the wage-base component cannot be regulated on this basis. We decided, therefore, to specify for the nonproduction organizations (with the exception of Mototechna) an absolute limit for the wage-base component and to regulate the wages payable essentially by the incentive wage component only (it constitutes at least 15 percent of wages payable).

We have chosen this solution also because wage regulation is not just a matter of actual fulfillment of indicators, but also of the plan, of which the work schedule is also a part. Through the labor force plan it is possible to effectively affect wage development in individual years, either by the planned number of workers or average wage increases. Of special importance in the special-purpose nonproduction organizations is the possibility of obtaining wages payable for the significantly better fulfillment of specific research and development tasks--in the form of extra goal-oriented special compensations. This form has been used very rarely so far.

The planned small increase in commodity production as compared with the previous year was an absolutely unique phenomenon in our trust. Nevertheless, in view of the long-term validity of rules for regulation of wages payable, we had to deal with it. The solution lies in the reduction of the conversion

coefficient if both key indicators are surpassed. While the conversion coefficient was set for the trust at a maximum of 0.4, the rules presume a lower coefficient for the enterprises which were to plan the same or smaller commodity production volume than in the preceding year.

Effect of Wage Regulation System

The trust achieved relative savings on wages during the first quarter of 1981. They were almost 10 percent below the compensations fund planned for this period. The sector thus complied with the wage regulation, but the planned level in compensations fund for the sector was not created in the planned amount. For the trust as a whole, the conversion for the failure to meet the indicators of adjusted value added and return on production assets was further complicated by the absolute savings on labor costs. In other words, the relation between the value added and the appropriate payment of wages was maintained, but with an impact on the branch wage incentives.

The wage regulation was violated by five enterprises of the trust. The sum total of relative excess by the violating enterprises and compensation for relative savings by other enterprises (the enterprise method was used) amounted to 4.2 percent of total wages. The effect of different bases for calculation of wage regulation between the enterprises and trust was thus greater than anticipated and will offer the principal possibility for addable amounts as the main tool of management of wage policy within individual sectors.

In working out the trust rules for wage regulation, it was anticipated that the differences in profitability between individual enterprises and differentiated application of conversion coefficients for better fulfillment of key indicators will offer the main possibility for addable amounts. After all results achieved during the first quarter of 1981 were received, no definite conclusions could be drawn on the effectiveness of the newly used methodology in management of wage policy. For this reason, we decided to continue to use the reprimand procedure in the future against enterprises violating wage regulation because it proved effective in the past.

The trust as a whole observed wage regulation during the first half of 1981. There was only a small difference between the relative savings on wages and the fund planned for the sector. The relative excess was again compensated by the absolute savings on wages. Four enterprises of the trust violated the wage regulation. The total of relatives enterprises overspending on wages less the compensation from relative savings amounted to 3.6 percent of total wages.

No definite conclusion can be drawn from the ratio of wage excess by the enterprises to the wages of the entire VHJ. Nevertheless, an analysis of which enterprises did not observe the wage regulation and why they did not reveal some common features and causes. The adjusted value added indicator was not met in one instance only because the shipments of material from abroad were delayed. This is a cause, in a way accidental, which can be dealt with outside the system of wage regulation rules.

In other enterprises, the primary cause was extensive capital investment and the related difficulties of putting new production capacities into operation. The influences which affected the adjusted value added and return on production assets can be in this instance broken down into the following ones:

-- unproductive cost (fines and punitive damages) for nonfulfillment of assortment shipments because the capacities were not put into full operation within the specified deadlines;

-- cost of preparing production of a new product which is part of production restructuring;

-- cost caused by the time lag in production. This factor will have a more pronounced effect always after the transition to the manufacture of the new (innovated) product is completed.

A similar phenomenon was reported from other enterprises which are or will be switching to the manufacture of new products.

From the effect of wage regulation in our trust during two quarters, the following conclusions can be drawn:

1. Transitional and sporadic difficulties in the supplier-customer relations can be coped with in wage regulations by the addable item which, of course, involves the risk of reducing the allocation to the sectorial special compensations fund. Bigger difficulties, however, cannot be eliminated within VHJ itself but must be solved with the help of the sector and the resulting impact on the sectorial special compensations fund.

2. Minor changes in production can be coped with like difficulties in the supplier-customer relations. On the other hand, more extensive changes in production which involve (affect) through the supplier a number of enterprises (for example, Karosa encounters difficulties in production of front axles) and extensive capital investment cannot be completely dealt with by the addable item from the calculation difference (reserve) of the trust.

If principal emphasis is also going to be placed on the application of technological achievements in production during the remaining years of the current 5-year plan, a number of measures will have to be enacted. For example, in the regulation of wages payable room must be made for dealing with the potential negative impacts and for more rapid introduction of new products. Savings should thus be increased not only for the producer, but also for the consumer. One of the possibilities could be the establishment of special-purpose operative reserves at the higher levels of management or using the addable item for this purpose.

Special Compensations Fund

The basic prerequisite for effective use of the special compensations fund as a form of wages is a correct procedure for establishing the sectorial and enterprise special compensations fund.

The prerequisites for setting up a sectorial special compensations fund are:

1. to show relative savings on wages payable for VHJ;

2. to produce profit as the source of covering relative savings for VHJ.

Both these prerequisites are closely linked to the absolute withdrawal of wage schedules, on the one hand, and fulfillment of adjusted value added and return on production assets, on the other. Drawing on wage schedules directly affects profit, while the fulfillment of key indicators affects through the conversion coefficient the base and incentive wage components.

If, for example, an enterprise--because of extra pay for overtime work or failure to effect labor-saving measures in production--exceeds wage schedules in the course of the year, it will not achieve planned profit or comply with the key indicators for calculation of wages even if other plan targets are met. As a penalty for the failure to comply with the key indicators, the base and incentive wage components will be recalculated and the enterprise will not achieve relative savings on wages which, if all indicators for wage regulation were 100 percent met, should equal the planned amount of shares.

The sectorial guideline for the establishment, distribution and withdrawals from the special compensations fund contains the following principle: if the enterprise does not produce profit according to the plan, the deficit in profit will be deducted from relative savings. This must be done according to the directive on the order of importance of individual sectorial funds which lists the special compensations fund in the last place for allotments to individual funds. The maximum allotment by the enterprise to the special compensations fund must not exceed the limit of relative savings so reduced.

An important condition of the allotment to the sectorial special compensations fund is whether profit has been produced and whether it can be allocated to the special compensations fund. If relative saving is achieved, this saving may not be fully covered by the resources from distributed profit. For example it may happen that the allocation to the capital investment fund (to cover extra costs of construction projects which have exceeded the budget cost) will be so big that nothing will remain for allocation to the special compensations fund.

At the enterprise level, it has happened several times in the past that the enterprise anticipated the allocation to the special compensations fund in the amount of relative savings, but produced no profit. For example, an enterprise achieved relative savings in the amount of Kcs 1.68 million and planned to distribute shares in the amount of Kcs 1.1 million, but exceeded planned profit by only Kcs 20,000. To fully cover relative savings by allocation to the special compensations fund would be at the expense of other enterprises. Moreover, the reduction of relative savings on wages at the expense of wage schedules would result in the nonfulfillment of the profit indicator. And if this were not compensated by other cost items, the indicators of adjusted value added and return on production assets would not be complied with either. And these are precisely the indicators on which personal financial incentives are based.

In the spirit of the FMPSV decree, the money from the special compensations fund can be used for payment of shares. Only if the allocation is bigger than originally planned, can the money in the sectorial special compensations fund be used for payment of special bonuses in order to support major projects and financial incentives for workers.

An important factor in the system of allocations to the sectorial special compensations fund are the quarterly allocations of resources from profit. The provision applies that the money allocated to the special compensations fund cannot be used for other needs, such as operating cost. The amount of allocation to the special compensations fund is, therefore, blocked during the year and although the organization has funds at its disposal, it must obtain credit for its operating needs.

Frequently discussed is the question for which level of management the sectorial or enterprise special compensations fund is to be planned and then also distributed. At the present time, this level of management in the trust is the enterprise. It appears, however, that due to the increasing importance of intraenterprise khozraschet it will eventually have to be changed to the plant or operation. The problem, however, is related to the reporting of profit as a condition for allocation to the compensations fund, to the use of intraplant or transfer prices, at the level of intraenterprise khzoraschet and management.

Management of Reserves

Among other tools of management, such as plan, indicators, conversion coefficient and so on, management of reserves occupies an important place in the regulation of wages payable. Under the conditions of the Set of Measures, there is a gradual differentiation of methods in the use of reserves as the tool of management at the enterprise and sectorial level. This became clear as early as during the Sixth 5-Year Plan. Reserves can be divided into material and value reserves, and also into those which are used in the plan and in reality. The methods for using reserves are derived from this breakdown. In the past, all these four forms of reserves were managed by the enterprise (the enterprise had a closed khozraschet), while the general directorate could effectively control only the use of the value reserve in the plan. At the present time, when the enterprise still has a closed khozraschet, but the levy on the profit to the state budget is made by the general directorate, the value reserve also is at the disposal of the sector and the role of the material reserve in the plan is enhanced in the system of planning. The use of reserves at the sectorial level as the prerequisite for speeding up of structural changes in individual enterprises and plants strengthens the role of the general directorate.

From the standpoint of classification and use, a special place in wage regulation is occupied by the calculated differential (vypoctovy rozdil) between the relative wage savings reported by the VHJ and the total of relative savings or overspending by the enterprises and organizations of the trust. According to some of its features, the computation difference can be regarded

as the planned value reserve that can be used as the source of addable items, and thus as the tool of wage regulation within VHJ. The method of use and effect of such reserves has not yet been sufficiently verified in practice.

There is an important provision that this reserve cannot be used to improve the fulfillment of indicators for personal financial incentives.

As already stated above, the planned structural changes, capital investment and more rapid technical progress in the form of introduction of new products in production have an impact on wage regulation. The implementation of these changes, however, is hindered by the fact that most of these changes are affected, under the conditions of engineering production, over a longer period. This cannot be compensated by a better fulfillment of the indicators decisive for the wage regulation in the year in which the change began, and this has an unfavorable impact on the indicators decisive for wage regulation.

This situation can be resolved by establishing a special-purpose operations reserve in wages payable or in the addable items at higher levels of management than that at which the given structural change takes place. For example: if a structural change is carried out in the area of trucks and involves several enterprises, this reserve cannot be set up at the VHJ level.

The establishment and use of such reserves would, in my opinion, speed up the entire innovation cycle and planned structural changes in volume in general engineering. Furthermore, these reserves could serve during the entire 5-year plan as a stimulus for the organizations to achieve higher prices for progressive products or for better export results.

I have described in this article our experiences characterizing the development and role of some factors in wage regulation during a relatively brief period, while not all principles of the Set of Measures have become fully effective. For this reason one cannot generalize. It is possible, however, to make positive use of wage regulations for improvement of management of our enterprises.

Another experience is the rather demanding task of keeping records and the considerable complexity of individual calculations. The many links between the key indicators for calculation of wages which are used for determining the usable volume of wages payable, and actual wages makes it difficult to distinguish the effect of individual influences and complicates the effort to discover the principal, essential cause of unfavorable economic development of the enterprise and VHJ. There is a real danger that the regulation of wages payable will become a concern of several expert workers instead of affecting the entire large collective in the form of concrete tasks. We have in mind, for example, the design and manufacture of fuel-conserving products, products having less weight, the effort to manufacture more spare parts, to win over workers for working the second shift, to reduce overtime work and so on.

It is, therefore, necessary to gradually institute a system of wage regulation which will be more easily intelligible and will guarantee objectivity in evaluation of the work of work collectives, enterprises and plants.

10501
CSO: 2400/386

PROGRESS OF ELECTROTECHNICAL INDUSTRY IN 1982

Prague HOSPODARSKE NOVINY in Czech 17 Sep 82 p 2

[Article by Jindrich Masa, worker of the CPCZ Central Committee: "The Electrotechnical Industry"]

[Text] In evaluating the work of the electrotechnical industry, we must start with the long-term goals set for the industry in the Seventh 5-Year Plan and compare how we manage gradually to reach them.

The results of the first half year are a continuation of the positive development last year, a development which was characterized by relatively high dynamics. At the same time, the current year is marked by certain structural changes which have been predetermined by the plan.

In the area of production utilization, the organizations under the jurisdiction of the Federal Ministry of Electrotechnical Industry provided for the implementation of all marketing categories, with the exception of exports to nonsocialist countries. At the same time, the shares achieved under the annual plan are also favorable in the case of the remaining marketing categories.

Deliveries for investments were fulfilled 107.6 percent (+Kcs 178 million), while the share of the annual plan was reached at the rate of 52 percent. However, during this favorable development there were slips in the fulfillment of deliveries in terms of assortment, particularly because construction work was unprepared.

The fulfillment rate was particularly favorable with regard to deliveries for marketing funds. The planned tasks were surpassed by 223 million korunas in retail prices (they were fulfilled 108.5 percent), and the share of the annual plan fulfillment was 54 percent. This reflects now favorably the initiative of the working people, as proclaimed by the management organizations under the ministry's jurisdiction in the slogan "Every Enterprise (Should Deliver] a Product for Marketing Funds."

Target-oriented rewards are being offered in order to increase the interest of enterprises and economic production units in acceleration of innovations of selected types of products of consumer goods. At the same time, there still

exist types of electrotechnical goods for which the demand is not covered entirely. This applies particularly to accumulators, flashlight batteries, portable black and white television sets, colored television sets, and some other products. In order to provide for deliveries of these goods which are in short supply, the electrotechnical industry must continue creating additional, more effective prerequisites, especially through expansion of the present cooperation with socialist countries.

Enterprises under the jurisdiction of the ministry have overfulfilled exports to socialist countries by Kcs 347 million in franco prices, having reached 52.6 percent of their share in the annual plan. Only the Heavy Current Electrotechnical Works in Prague VHJ [economic production unit] (VHJ Zavody silnoproude elektrotechniky Praha) did not fulfill the planned tasks. Exports to socialist countries ahve increased (to 115.2 percent) as compared to the first half of 1981. The highest overfulfillment of the plan has been achieved in deliveries for the Soviet Union (Kcs 253 million in franco prices), the quota fulfillment being 54.6 percent of the annual plan.

One of the main problems of the department of electrotechnical industry this year continues to be the fulfillment of exports to nonsocialist countries. The tasks for the first half-year were fulfilled in franco prices only at a rate of 77.2 percent, with a deficit of Kcs 160 million and an annual share amounting to only 37.9 percent. With this negative implementation, the deliveries were also less effective as compared to the corresponding period of last year. The only units among the seven VHJ handling exports to nonsocialist countries are TESLA Consumer Electronics in Bratislava and TESLA Investment Electronics in Prague. However, this cannot be attributed only to the deteriorating conditions on capitalist markets, but also to slow adaptability to this development. VHJ and enterprises must react to this situation in an appropriate manner. Above all, they must intensify measures already by the top management level of the ministry. The implementation of the tasks concerning exports to nonsocialist countries require that they approach them knowing that we are able to find ways of overcoming various discriminatory measures. For example, the TESLA Consumer Electronics VHJ in Litovel is demonstrating this by speeding up innovations and shortening the production time of a record player of an entirely new design, and the CHIRANA VHJ in Brno by putting into production a cryosurgical instrument and other products.

A task which is not less important from the viewpoint of external relations is the task of reducing imports of producer goods, to which not all enterprises and VHJ of the electrotechnical industry are reacting adequately. The industry must pursue the task of checking and reducing continuously requirements of noninvestment imports from nonsocialist countries. The goal is to provide for domestic production or for production within the framework of cooperation of the CEMA countries.

The planned tasks in the production of commodities were fulfilled 100.7 percent, the overfulfillment amounting to Kcs 121 million. The volume under the plan, which amounts to 50.9 percent, corresponds to the commensurate share of work hours. The dynamics achieved in the growth of gross production and production of commodities, which increased to 106.8 percent as compared to

last year, is in harmony with the intentions of the plan, and is higher than the average for the mechanical engineering industries.

One can evaluate positively the fact that the tasks in the production of commodities outlined within the framework of state target programs have been fulfilled and in some cases overfulfilled. This production in the first half year amounts to as much as 29 percent of total production. Technical development tasks outlined in the state plan have also been carried out well. In comparison with the first half of last year, the volume of products of a higher technical level has increased this year by Kcs 608 million, technically progressive products by Kcs 239 million, and first-quality grade products by Kcs 370 million.

Just as in the area of creation of material resources, favorable results were also achieved during the first half-year in the creation of financial resources. The planned amount of adjusted own output was exceeded by Kcs 163 million, or 50.7 percent in terms of share in the annual plan. This development is influenced especially by savings and by a relative decrease of material costs. Certain principles of the improved system of planned management are reflected now in this development.

In the area of planned creation of profit, the profits were Kcs 163 million higher than planned, the share in the annual plan amounting to 54.2 percent, mainly because the consumption of material was reduced (Kcs 198 million) as compared to the assumptions of the plan. The only unit which did not fulfill the tasks in the area of planned creation of profit was the Heavy Current Electrical Engineering Works VHJ in Prague (95.5 percent), the share in the annual plan amounting to 45.8 percent.

The second area where the units under the jurisdiction of the Ministry of Electrotechnical Industry did not take care of the tasks for the first half-year is the area of reserves. This applies first of all to regulated reserves, which increased during the first 6 months of this year by Kcs 475 million in comparison with the actual figure as of 1 January 1982.

It is true that regulated reserves have been exceeded by only Kcs 189 million as compared to the plan, but by the end of the year they will have to be reached by Kcs 574 million. All economic production units share in this unfavorable development, with the exception of the TESLA Consumer Electronics VHJ in Bratislava. The development of this index indicates many shortcomings in the area of management at the level of enterprises and VHJ. It is not possible to keep justifying this situation continuously. Instead, it calls for a more active approach in dealing with it.

The analysis of the results obtained indicates that the electrotechnical industry has the prerequisites to take care of the tasks for this year, to reach the planned goals. However, until the end of the year, it is necessary to pay special attention to the process of providing for exports to nonsocialist countries.

5668
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FURTHER CUTS IN TRANSPORTATION EXPENDITURES URGED

East Berlin PRESSE-INFORMATIONEN in German No 111, 21 Sep 82 p 2

[Article by Otto Arndt, minister for transportation: "Continue Reducing Transportation Expenditures"]

[Text] Reducing the expenditures for freight transportation as an element of production consumption is logically implied in our economic behavior. The point is to cope with our commodity production that is growing year after year by means of cuts in transportation. That is only possible, of course, if goods are shipped more expediently, more directly, and by use of less fuel and energy.

That way the economically necessary expenditures for transportation can be greatly reduced and the cost/benefit ratio be much improved, which is, after all, of critical importance for increasing our national income growth. That sort of rational shipping of goods makes demands on transportation and all other branches of the economy; that they all work together increasingly becomes the most important criterion for our labor.

Advances Through Optimizing

A crucial factor for reducing expenditures is a reduced transportation requirement, that is a reduced volume of goods to be shipped or reduced shipping distances or both, which cuts shipping back. We succeeded in the first half of 1982 to reduce domestic transportation expenditures, including the plant traffic, by an absolute 6.5 percent compared with the same period last year. In the first half of 1981, however, there had still been a 1-percent increase over the same period in 1980. In road transportation, with its most costly energy expenditures, public motor vehicle transportation and plant traffic were reduced by more than 20 percent. That is a significant result. Yet the targets assigned by the national economic plan have by no means yet been attained.

The advances achieved depend greatly on shipping optimization, especially in the transportation-intensive fields like construction, coal and energy, chemical industry, ore mining, metallurgy and potash, and in the bezirks. The point in optimizing is to ascertain the most favorable modes of transportation for all shipments and reduce plant traffic going on during production, which often requires changes in production organization. Also by optimizing the use of vehicular capacities, full loads going back and forth, the expenditures needed for transportation can be reduced.

In the first half of 1982, we saved 730 million ton-kilometers in transportation, a result of the production-transportation optimization and of optimizing the delivery and transportation relations. Those were savings at a clip of 540 million ton-kilometers in the centrally managed economic branches and of 190 million ton-kilometers in the areas under bezirk council responsibility.

It is gratifying that in the second quarter the experiences of the pace-makers were applied more in economic branches and areas. In those 3 months, for instance, in the plant traffic of the centrally managed construction combines savings rose to 222.5 million ton-kilometers in that in many places earths and top-soil no longer had to be shipped over larger distances but were used for shaping the environment of buildings. In the chemical industry we managed to optimize road transportation through tankers, and in ore mining, metallurgy and potash, 30 million ton-kilometers saved for rail transportation came out of more efficient delivery and transportation relations for raw steel and semi-fabricates. The declogging of cooperation relations in electrical engineering and electronics and in the furniture combines cut transportation expenditures down too.

We Need a Higher Speed

With all the success in optimizing transportation in the first half year--the tempo is not fast enough yet. Branch and territorial reserves existing are not yet fully being exhausted. Unjustified disparities in levels still exist among the bezirks. So we have assigned the task to reduce transportation expenditures by 1.6 million ton-kilometers up to the end of the third quarter.

An essential way to reduce transportation expenditures to an economically acceptable degree is working with transportation parameters. They serve a precise planning of requirements, balancing them, and concluding transportation contracts on that basis. With all the successes we have had, we need further efforts in the combines and enterprises and in transportation to enforce more effectively in practice a precise transportation planning, balancing and accounting based on those transportation parameters.

5885
CSO: 2300/25

IMPORT-INTENSIVENESS PROBLEMS IN ECONOMY DISCUSSED

Warsaw HANDEL ZAGRANICZNY in Polish No 4, 1982 pp 3-8

[Article by Bronislaw Wojciechowski: "Import-Intensiveness of the Polish Economy: General and [Industrial] Sub-Sector Problems"]

[Text] The considerable difficulties experienced by our economy in the last few years prompt a rationalization of imports. Until recently this problem had been completely underestimated, chiefly by industry, which in the 1970's used to avail itself of a relative abundance of means for imports and was not interested in their rational utilization.

The growth of the import-intensiveness of our economy, especially rapid in the 1970's, is attributable to many objective and subjective factors. The objective factors include primarily the relative depletion of raw material stocks owing to industrial production and consumption. Another objective factor contributing to the increase in the import-intensiveness of production had been the marked--in the 1970's--rise in the prices of imported raw and other materials, especially crude petroleum.

Also important were subjective factors stemming from the decisions made at various levels of the economic apparatus, and chiefly at the main level. Here I refer chiefly to investment decisions preferring--of a certainty unconsciously--highly import-intensive fields of production and technological solutions. A factor augmenting the import-intensiveness of our economy was the neglect of the development of agriculture, which after all provides raw and other materials not only for the production of foodstuffs. Also neglected was the development of the infrastructure and sphere of services, characterized by a low import-intensiveness. In industry, priority had been given to the particularly import-intensive sub-sectors, in the concomitant absence of comprehensiveness and inter-subsector coordination of these decisions.

A major role in the growth of import-intensiveness of production was played by systemic factors. There was a lack of proper calculational parameters, especially foreign-exchange rates and prices serving to assess the real cost of import investments and, on this basis, to arrive at rational decisions. There also was a lack of economic mechanisms and incentives for producers to employ these parameters. Procurements of technology from abroad, requiring huge investment and supply imports, were made without attending to a corresponding increase in exports. Often it was the more import-intensive technologies that were deliberately selected since,

owing to the use of faulty costing parameters, they were the cheapest to the producers. Then also there was the weakness of the incentives applied to prompt producers to streamline their material costs and to improve the quality of production and adapt it to the requirements of customers. Yet it is precisely these factors that are decisive both to overall economic performance and to the import-intensiveness of any particular kind of production.

It should be borne in mind that import-intensiveness is an economic rather than a technological term. It denotes the ratio of the import investment to the value of the end-product. I emphasize, /value/ [in boldface] and not quantity although problems of quantity, of course, also play a role. A reduction in import-intensiveness can be achieved not only by reducing the actual import investment per product unit but also, and primarily, by improving the quality and increasing the use value of the commodity and hence also its price.[1] Unfortunately, this has generally been overlooked in our country.

All these circumstances had resulted in a steady growth in the import-intensiveness of our economy. In terms of constant (1977) prices, the share of imports in the value of the end-product of our economy, which in 1960 had been 15.4 percent, grew to 19.8 percent in1970 and peaked at 25.8 percent in 1976.[2] In the subsequent years, the import-intensiveness of our economy diminished somewhat, but as late as in 1980 it still amounted to 23.7 percent and in 1981, 22.2 percent.[3] As known, at the same time stockpiles diminished and an acute shortage of imported producer supplies had arisen, which was one cause of the decline in output and national income. This demonstrates how great was the rigidity of the import demand and how difficult it is to reduce the import-intensiveness of production once it increases.

The most durable indicators are not so much the indicators of the import-intensiveness of production as the indicators of flexibility of imports, which represent the ratio of the growth rate of imports to the growth rate of national income. Corresponding figures on imports and, for comparison, exports are presented in Table 1.

Table 1. Growth Rate of National Income and Foreign Trade and Its Flexibility During 1960-1980 (in constant prices)

Subject	1961—1965	1966—1970	1971—1975	1976—1980	1961—1970	1971—1980	1961—1980
Mean growth rate, in %							
Gross generated national income	6,2	6,2	9,5	2,6	6,2	6,0	6,1
Exports	9,7	9,7	10,3	4,4	9,7	7,3	8,5
Imports	10,0	9,1	16,6	0,8	9,5	8,4	9,0
Flexibility (growth in % for every additional 1% of growth in national income)							
Exports	1,56	1,56	1,08	1,65	1,56	1,21	9,0
Imports	1,62	1,45	1,75	0,31	1,53	1,40	1,47

Source: Own calculations based on Main Office of Statistics [GUS] publications

As can be seen, despite some deviations during certain periods, the indicator of import flexibility for our country had been persisting at the level of 1.4-1.5. In the last three years (1978-1981), too, when national income had been declining, this indicator was about 1.5. This means that, although during this period imports have been decreasing at a faster rate than national income, they did not decrease at a faster rate than that at which they previously had increased. We are thus retreating along the same path which we had previously been ascending, whereas the situation necessitates abandoning this path and switching, at least for the next few years, to action based on a definite reduction in the dependence on imports. It turns out, though, that the matter is much more difficult than might be thought. So far the principal results of the reduction in supply imports has been a decline in production and national income.

The problem of the import-intensiveness of production becomes an even more dramatic issue if imports from the two principal directions, that is, from the socialist and from the capitalist countries, are separately considered. This is required in view of the differences in the payments situation as regards trade with each of these two areas and the prospects for that trade.

While in the 1960's the growth in the import-intensiveness of our economy was chiefly linked to imports from the socialist countries, in the 1970's imports from the capitalist countries accounted for nearly the entire increase in import-intensiveness. In 1960 the share of imports from the capitalist countries in the end-product was 7.3 percent; in 1970, 8.3 percent; but in 1976,as much as 16 percent. The share of imports from that direction [in 1976] was greater than the share of imports from both directions in 1960. At the same time, the share of imports from the socialist countries, which had grown from 8.1 percent in 1960 to 11.5 percent in 1970, decreased to 9.8 percent in 1976. These figures show how greatly has our economy become dependent on imports from just one direction. The related situation has changed only recently. In 1981 the share of investment imports from the capitalist countries decreased to 9.4 percent and that from the socialist countries, increased to 12.8 percent. However, the possibilities for altering the directions of our imports are limited both by our export capabilities and, primarily, by the possibilities of our partners. In many fields there generally do not exist any possibilities for replacing imports from the capitalist countries with imports from other directions. This concerns especially grain and feeds as well as co-production components for the industry operating on the basis of Western technologies, and also many raw and other materials for industry.

In assessing the import-intensiveness of a nation's economy allowance must always be made for its export capability. It would be wrong to state that exports in themselves are something harmful. On the contrary, it is a truism that it is precisely owing to imports that economic development can be furthered. Even an increase in import-intensiveness cannot in principle be regarded as something disadvantageous. First, it ensues largely from objective and unavoidable factors; secondly, it may be most desirable if it accelerates technological progress, increases labor productivity, and serves to satisfy the needs of society more fully. In highly developed countries the import-intensiveness of the economy is often even higher than in Poland. This applies not only to capitalist countries but also to socialist ones such as Hungary and the GDR.

The decisive factor in the expediency of an increase in import-intensiveness is whether it does or does not result in an increase in labor productivity and hence also in a corresponding increase in production and national income. But in Poland, following a period of a huge increase in the import-intensiveness of our economy, the growth rate of national income came to a halt and, starting in 1976, national income began to decrease in absolute figures.

Another basic criterion for the rationality of an increase in imports is the ability of the importing country to correspondingly increase its exports. A country which is incapable of increasing its exports cannot increase its imports either, and it should not select import-intensive directions of development. On the scale of the national economy as a whole, the principle of paying for imports by exports operates absolutely and unconditionally. Any other theories on this subject, voiced in this country in recent years, have been pure demagoguery, harmful and even pernicious to our economy. As a result, the growth of imports markedly overtook the growth in exports, as can be clearly seen in Table 1.

In addition to the volume of exports, another fundamental factor is their effectiveness. The lower the cost per foreign-exchange unit gained by exports is, the cheaper imports become and, as a consequence, the lower the import-intensiveness of production becomes. If, on the other hand, the effectiveness of exports deteriorates, this entails an increase in the import-intensiveness of the national economy even if all the other cost factors remain the same. In Poland in the 1970's it was precisely the deteriorating effectiveness of exports that became a major factor in the growth of the import-intensiveness of production.

The problem of the import-intensiveness of production and the rationalization of imports has many aspects, not all of which can be considered in the space of this article. I will analyze one of these aspects, namely, the import-intensiveness of production on the [industrial] sub-sector scale. This problem has been underestimated in our country, both at the central level and at the operational levels. At the central level, important strategic decisions were made without considering their consequences in the field of imports, and even without analyzing the appropriate statistics. At the operational levels, the awareness of the extent of the dependence of particular types of production on imports was generally lacking. This was because operational levels are, as a rule, interested only in the particular imports which they must solicit, that is, in the "direct" imports of a given producer. Absent from their field of vision, on the other hand, are the so-called "indirect" imports consisting in the materials and co-production components received from other domestic producers. Yet, these "indirect" imports are mostly much greater than "direct" imports and they should not be overlooked in any economic decisionmaking.

The calculation of "total" import-intensiveness presents many technical difficulties. Of course, it can always be performed on the basis of the calculated cost, upon analyzing individual cost elements, but this method cannot be used on a broader scale. Hence also all our integral calculations are based on properly converted data from tables of inter-subsector transfers.[4] The problems involved in compiling and properly converting these data are such that, as a rule, they are rather outdated; this, however, does not deprive them of practical value, since changes in the proportions of outlays and technological coefficients generally occur at a fairly slow rate at the

[industrial] subsector level. The most recent detailed table of inter-subsector transfers (for the system of 125x125 subsectors) was prepared by the GUS in 1977, and it serves as the basis for the data utilized in the present article.

There exit severa types of indicators of the total import-intensiveness of production. The most often used indicator is that of the share of imports in the value of the final production of individual subsectors. On its basis it is possible to, among other things, estimate the import demand entailed in the postulated growth of production of a given subsector. Thus, indicators of this kind are suitable as factors to be considered in adopting development decisions. Another type of indicator is one showing the share of investment imports in the value of materials used in production. This indicator chiefly reveals the dependence of production on imports.

In this article I employ precisely these indicators,since they are the best-suited to the current economic situation. But what they reveal cannot be reared into something absolute. For it is known that the lack of just one imported ingredient accounting for a small fraction of the value of the materials used may sometimes completely immobilize the entire type of production concerned if that ingredient is irreplaceable. Usually, however, the percentile share of imports in the total material cost reflects quite faithfully the degree of the import-dependence of a given type of production.

When analyzing import-intensiveness on the subsector scale, the issue of the geographic directions of origin of the imports cannot be disregarded. The current import difficulties affect chiefly the production subsectors that are mainly based on shipments from the capitalist countries. It should be borne in mind that changing the geographic direction of imports is generallyy easier than changing the overall indicator of import-intensiveness. In this respect, the situation since 1977 has changed markedly: the share of imports from the capitalist countries has been declining and that of imports from the socialist countries rising. By way of an example, consider the refinery industry, which had largely been based on imports of crude petroleum from free-foreign-exchange directions, whereas now it can count only on deliveries from the USSR.

Data on the direct and total import-intensiveness of the principal branches of the national economy are presented in Table 2.

Table 2. Import-Intensiveness of Producer Supplies by Branch of Production, 1977

Branch	Share in Total Output, %	Imports in % of Material Costs					
		Total Imports			Of Which: Direct Imports		
		Alto-gether	Of Which SC	CC	Alto-gether	Of Which SC	CC
Industry	68.7	35.9	14.2	21.7	19.1	7.2	11.9
Construction	8.9	25.6	13.3	12.3	6.3	3.7	2.6
Agriculture	15.5	24.4	9.4	15.0	3.0	2.4	0.6
Forestry	0.2	18.0	10.1	7.9	4.2	2.8	1.4
Transport and communications	3.9	37.6	20.1	17.5	9.4	5.0	4.4
Trade	1.6	22.8	9.4	13.4	2.6	0.9	1.7
Miscellaneous	1.2	25.2	11.5	13.7	3.5	3.0	0.5
Total	100.0	32.9	13.5	19.4	14.6	5.9	8.7

SOURCE: Own calculations based on tables of inter-subsector transfers for 1977 and other GUS materials.

[NOTE: SC = Socialist Countries; CC = Capitalist Countries]

If only direct imports are considered, we find that industry is definitely more import-intensive than the other sectors of the economy. A different picture is shown by the indicators of total import-intensiveness: then transport is the most import-intensive, with its indicator of 37.6, followed by industry with its indicator of about 36 percent. In the other production sectors the total import-intensiveness of material supplies is about 25 percent, on the average. In industrial production the role of "indirect" imports is smaller than in the other sectors, accounting for 75-85 percent of the whole of imports, whereas in industry it accounts for about 50 percent. "Indirect" imports become consumed by the other sectors precisely through the mediation of industry.

The decisive role in production is played by industry, and hence it is worthwhile to analyze, in their turn, the corresponding statistics on industrial subsector groups (Table 3).

Table 3. Import-Intensiveness of Material Supplies by Subsector Group, 1977

Subsector Group	Share in Overall Output,%	Imports in % of Material Cost					
		Overall			Of Which: Direct		
		Total	Of Which		Total	Of Which	
			SC	CC		SC	CC
Industry:							
--Fuel-energy	5.6	47.7	28.9	18.8	36.5	23.4	13.1
--Metallurgical	7.4	35.1	17.7	17.4	19.5	9.7	9.8
--Electrical machinery	18.2	37.6	17.0	20.6	19.9	8.7	11.2
--Chemical	5.3	43.9	12.3	31.6	28.7	6.1	22.6
--Mineral	2.1	30.8	15.4	15.4	14.3	6.8	7.5
--Pulp and paper	3.1	24.3	11.4	12.9	11.1	5.2	5.9
--Light	7.9	36.3	11.6	24.7	16.6	4.9	11.7
--Food	15.8	26.5	7.9	18.6	8.5	1.7	6.8
--Miscellaneous	3.3	53.9	7.0	46.9	35.8	1.9	33.9
Altogether, industry	58.7	35.9	14.2	21.7	19.1	7.2	11.9

Source: As in Table 2

Of the various subsector groups the "Miscellaneous" group (chiefly feed industry) and the fuel-energy industry overwhelmingly predominate in regard to dependence on imports. In the first case the decisive role is played by imports of grain and feeds and in the second, by imports of crude petroleum and natural gas. Next in import-intensiveness is the chemical industry, followed by the electrical machinery, light, and metallurgical industry. The lowest import-dependence as regards material supplies is displayed by the pulp-and-paper and food industries.

On comparing these indicators with the figures for preceding years we find that, despite the generally marked growth in degree of dependence on imports, some equalization of the situation has taken place in certain sectors and subsector groups. As late as in 1967 the import-intensiveness of construction, agriculture, and trade had been less than one-third as high as that of industry. Within industry itself the most import-intensive subsectors at that time had been the "miscellaneous," light, and metallurgical industries, while at the same time the import-

intensiveness of the food, fuel-energy, mineral, and pulp and paper industries had been only a fraction of that of the subsectors named above. In the 1960's it was still possible to isolate subsectors that were entirely independent of imports. They included the entire food and fuel-energy industries as well as construction and building materials. On the opposite pole there had been the groups of subsectors markedly dependent on imports. At present we are observing a gradual disappearance of this division. In the subsectors with the greatest import-dependence that dependence has diminished owing to, among other things, the development of the production of substitute materials (light industry). On the other hand, two immeasurably important fields that formely had been, properly speaking, independent of imports, that is, the food and fuel-energy industries, at present are to a great degree dependent on imports. Only services continue to be independent of imports--with the exception of transport, however, which is highly dependent on imports, primarily on those of fuel.

Significant differences occur in the breakdown of import-dependence into both geographical directions. The sectors and subsector groups oriented chiefly to meet consumer needs, that is, food processing and light industry, are the ones most dependent on imports from the capitalist countries. On the other hand, the industries specializing in the production of capital goods, that is, the metallurgical and electromachinery industry, as well as construction, import more materials from the socialist than from the capitalist countries. In 1977, the production destined for export to the capitalist countries required 56.5 percent imports from these countries, and the production for investment purposes, 50.6 percent, while the production earmarked for export to the socialist countries required 48.5 percent of imports from those countries. At present the share of imports from the capitalist countries has markedly decreased, but the corresponding indicators remain as differentiated as previously.

The data considered so far pertain to relatively large units and are necessarily averaged. Within most of these units, on the other hand, the indicators of import-intensiveness (both direct and overall) vary enormously from one subsector to another. Only analysis at the sub-sector level can provide more specific information. However, even the division into 125 subsectors used in the GUS table of inter-subsector transfers for 1977 is not always adequate for isolating sufficiently uniform units. Only the analysis of individual major commodities could serve to eliminate data-averaging completely. Considering the absence of such detailed material, however, we have to confine ourselves to the subsector arrangement.

Data on the import-dependence of specific subsectors are presented in Tables 4-6. They comprise altogether the 60 principal subsectors exclusive of the minor subsectors (accounting for less than 0.4 percent of overall production). as well as subsectors with a markedly non-uniform variety of production.

Table 4 contains subsectors distinguished by a high import-dependence (ranging from 40 to 93 percent). Table 5 comprises subsectors with an import-dependence that does not markedly deviate from the average (26-39 percent). Finally, Table 6 pertains to subsectors with a low (10-25 percent) import-dependence.

Table 4. Production Subsectors With a High Import-Intensiveness of Material Supplies, 1977

Subsector	Share in Overall Output, %	Overall Import-Intensiveness, %		
		Total	Socialist Countries	Capitalist Countries
Refinery industry	1.7	93.2	66.1	27.1
Shipping	0.8	61.0	17.5	43.5
Bakery industry	0.6	59.0	17.8	31.2
Fodder industry	1.2	58.1	5.8	52.3
Cotton industry	1.1	54.3	29.9	24.4
Sugar industry	0.4	51.8	4.7	47.1
Artificial fertilizers industry	0.6	51.0	17.9	33.1
Rubber products industry	0.6	49.1	16.5	32.6
Paints and lacquers industry	0.4	48.6	7.7	40.9
Pharmaceuticals industry	0.6	47.7	9.8	37.9
Machinery and equipment for th fuel industry	0.4	47.5	15.4	32.1
Electric power machinery industry	0.8	46.9	19.8	27.1
Aviation*)	1.0	44.8	23.7	21.1
Organic industry	0.5	44.5	14.4	30.1
Grain-milling industry	0.7	43.3	15.5	27.8
Iron and steel metallurgy	3.2	42.8	22.5	20.3
Cosmetics industry	0.6	42.1	9.8	32.3
Construction machinery industry	0.8	41.0	21.3	19.7
Automotive industry	2.2	40.9	19.6	21.3
Wool industry	1.1	40.7	6.1	34.6

Source: Own calculations based on GUS tables of inter-subsector transfers in 1977 and other materials.

*) Together with other transport not listed separately.

The subsector with definitely the highest import-intensiveness (93 percent) is the refinery industry. For the next three most import-intensive sub-sectors this indicator is about 60 percent (shipping and the bakery and feed industries). The 50-percent boundary is also exceeded by the import-intensiveness of the cotton, sugar, and artificial fertilizers industries, and approached by the rubber products, paints and lacquers, and pharmaceutical industries.

The list of subsectors with the lowest dependence on imported supplies starts with the metallurgical raw materials industry and the alcohol industry (about 10 percent). The corresponding indicators for a number of subsectors relating to raw materials and food industries as well as power industry are not much higher (15 percent). Of the typical processing industries only one subsector --the clothing industry--can be included in this category.

Table 5. Production Subsectors With Average Import-Intensiveness of Material Supplies, 1977

Subsector	Share in Overall Output, %	Overall Import-Intensiveness, %		
		Total	Socialist Countries	Capitalist Countries
Industry of metallurgical products for industry	0.8	39.8	18.5	21.3
Chemical fibers industry	0.4	38.9	10.9	28.0
Plastics products industry	1.4	38.7	9.1	29.7
Industry of consumer metallurgical products	0.9	38.0	10.7	27.3
Motor transport	2.2	38.0	21.9	16.1
Power machinery industry	0.7	37.8	17.7	20.1
Rolling stock industry	0.5	37.7	20.8	16.9
Nonferrous metallurgy (excluding copper)	0.5	37.6	19.4	18.2
Agricultural machinery industry	0.6	36.9	16.4	20.5
Shipbuilding industry	0.8	36.4	9.7	26.7
Tractor industry	0.5	36.2	21.8	14.4
Electrotechnical products industry	0.6	35.4	13.2	22.2
Civil engineering construction	1.2	34.8	19.6	15.2
Electronics industry	1.1	32.7	14.8	17.9
Footwear industry	0.7	32.1	6.8	25.3
[Nonpetroleum] Oil industry	0.4	31.2	9.5	21.7
Knitwear and stocking industry	1.2	29.3	7.1	22.2
Agriculture-crop production	7.2	28.6	16.3	12.3
Railroad transport	1.5	26.4	15.4	11.0
Furniture industry	1.1	26.3	11.8	14.5

Source: See Table 4

As within the subsector groups so within the individual subsectors the share of imports from the socialist and capitalist countries varies, following the patterns described above. The most import-dependent subsectors as regards imports from the capitalist countries are the feed (52 percent) and sugar (47 percent) industries, followed by shipping, the paints and lacquers industry, and the pharmaceutical industry. The most import-dependent subsectors as regards imports from the socialist countries are the refinery industry (66 percent in 1977, currently about 90 percent) as well as the cotton industry and iron and steel metallurgy.

While it does not appear expedient to discuss in greater detail the data on individual subsectors certain patterns dominating the subsector groups are worth noting. The group with the most markedly differentiated degree of import-dependence is the food industry. Of the 12 subsectors of that industry named in the tables under consideration, eight exist within the least import-intensive group, three within the most import-intensive group, and only one in the average group. A similar situation

exists as regards the fuel-energy industry within which the refinery and gas industries are among the most import-intensive, while the coal and energy industry are the least import-intensive. The variation in indicators in the light industry is somewhat less broad: two of its subsectors belong in the most import-intensive group; two, in the average group, and one in the least import-intensive group. In the chemical industry, six subsectors belong in the most import-intensive group and two in the average group. In the electrical machinery industry, of the total of 13 subsectors analyzed, four are on the most import-intensive list and the other nine on the list of the average sub-sectors. The electrical machinery industry displays the relatively smallest variation in overall import-intensiveness, but nevertheless it displays a marked differentiation in direct import-intensiveness.

Table 6. Production Subsectors With Low Import-Intensiveness of Material Supplies, 1977

Subsector	Share in Overall Output, %	Overall Import-Intensiveness, %		
		Total	Socialist Countries	Capitalist Countries
Clothing industry	1.7	24.7	9.0	15.7
Production-service construction	4.4	24.2	13.4	10.8
Meat industry	2.1	24.2	6.7	17.5
Coal industry	2.7	23.0	9.6	13.4
Domestic trade	4.8	22.6	9.2	13.4
Egg-poultry industry	0.6	22.4	6.7	17.5
Cement industry	0.4	22.4	11.8	10.6
Agriculture--livestock production	6.4	22.3	6.3	16.0
Dairy industry	1.0	21.4	6.6	14.8
General construction	3.0	20.9	10.4	10.5
Copper metallurgy industry	1.1	19.0	6.6	12.4
Forestry	0.6	18.0	10.1	7.9
Tobacco industry	0.8	17.2	5.7	11.5
Power industry	1.5	15.3	8.2	7.1
Sugar industry	0.6	15.1	9.2	5.9
Fruit and vegetable industry	0.5	14.9	6.6	8.3
Wine and beer industry	0.6	14.3	6.0	8.3
Sawmill industry	0.6	12.6	7.0	5.6
Alcohol industry	2.3	10.4	3.7	6.7
Metallurgical raw materials industry	0.5	9.8	4.6	5.2

Source: See Table 4

The survey of the import-intensiveness of our production on the subsector scale provides an idea of the vast variation in that intensiveness. This variation is additionally increased by the still existing extremes in proportions of imports from both geographical directions and by the similarly great differentiation in the shares of direct and indirect imports in the overall import outlays of individual subsectors. The variation in the import-intensiveness of the manufacture of individual products is still greater, of course. This suggests the conclusion that central steering of these processes is unusually difficult if not impossible. The central level may determine the main directions and give priority to the development

of the less import-intensive subsectors and the selection of less import-intensive technologies (which it has not been doing, besides), or it may make certain sector decisions of particularly great significance.

In the long run, the only effective means of streamlining imports is an appropriate guidance of the operational-level decisions, especially the decisions made by production enterprises. A fundamental role should be played by economic mechanisms and incentives. In a situation in which imports have become the bottleneck to our entire economy, these mechanisms and incentives should induce enterprises to seek for import-saving solutions and develop import-substitute production. Of course, this cannot be--and is not--tantamount to the total elimination of imports. In every individual case the decisive factor should be cost effectiveness. But if cost effectiveness is to produce the desired results, enterprises must operate with proper economic criterions: foreign-exchange rates, interest rates, discount rates, and the prices of the basic raw and other materials. The purpose of the central level is to, in addition to strategic decisionmaking, create appropriate decision mechanisms and provide the enterprises with correct accounting criterions.

Thus, starting from a purely quantitative analysis, we are back to systemic problems. Unless these problems are solved correctly, the desired structural changes cannot be carried out and effectiveness of management cannot be enhanced, and hence also the import-dependence of our economy cannot be optimized. The economic reform which is being introduced this year accounts for some progress made in this field. A factor acting in this direction is the crediting of foreign exchange [to enterprises] for imports. This links imports to exports and promotes the streamlining of the former and the expansion of the latter. But the scope of such crediting is limited. It applies only to part of the production enterprises, and only to direct imports as well, without affecting indirect imports.

Despite the introduction of proper--as regards the direction of action--changes in the system of foreign-exchange rates and producer prices, the cost of imports remains too low in comparison with other solutions, which cannot contribute to streamlining imports. Hence there is a need for further changes in the parameters of cost effectiveness analysis as well as for strengthening the incentives prompting producers to, on the one hand, develop exports and, on the other, streamline imports. This matter, however, transcends the scope of the present article.

FOOTNOTES

1. See B. Wojciechowski, "Import-Intensiveness and Quality of Production," HANDEL ZAGRANICZNY, No 7, 1978.

2. Final product is defined here as the value of all shipments to final recipients--for consumption, for investments, and for exports. It equals gross national income plus imports.

3. Own calculations based on GUS data. Imports (both commodities and material services) were figured in transaction prices. The 1981 data are preliminary.

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NATIONAL COMMUNICATIONS DEVELOPMENTS DESCRIBED

Communications Situation

Warsaw RADA NARODOWA GOSPODARKA ADMINISTRACJA No 12, Jul 82 pp 42-43

[Article by Janusz Walewski]

[Text] At the beginning of June, the Presidium discussed an idea proposed by the Ministry of Communications about improving and modernizing telecommunications and postal services by 1985. It was concluded that the communications system in the country from both social and economic points of view is unsatisfactory. The principal reason for this is the underinvestment in communications that has taken place for many years. The Presidium also stated that even in the current, difficult economic situation, the country must guarantee modernization and minimal progress in communications. What is the current postal and telecommunications situation? What are the ministry's intentions in this area in the next few years?

The Telephone Continues To Be A Luxury

Telecommunications in the country are composed of three kinds of communications networks: long-distance telephone service, telegraph and data communications. The principal functions of the Ministry of Communications in servicing the country's telecommunications system are implemented by the Polish Post Office, Telegraph and Telephone Enterprise.

When economic reform was introduced, the enterprise owned:

1. local telephone exchanges--2,273,000 numbers, of which 2,020,000 are in the cities and 258,000 in the country;

2. telephone subscribers numbering 2,023,000;

3. installed telephones numbering 3,505,000, of which 3,136,000 are in the cities and 369,000 in the country (the number of telephones per 100 inhabitants --cities, 15; country, 3;

4. telephones for public use, 88,000 and

5. postal-telecommunications agencies numbering 8,147

The number of basic telecommunications services for the year included 1.01 billion long-distance telephone calls and 18,846,000 registered telegrams.

In spite of these impressive figures, Poland as compared to other European countries ranks among the bottom of the list for telecommunications services, especially long-distance telephone calls. The average number of telephones per 199 inhabitants in Europe is 22; Switzerland, 68; France, 37; Czechoslovakia, 20; Bulgaria, 12 and Poland, 10. In this country, the worst situation exists in the country (3 telephones per 100 inhabitants), and approximately 8,000 places do not have any telephone services.

Communications problems are swelling. In the past 10-year period, some of the problems were solved. Above all, the telecommunications industry was built. The quantity of telephone exchanges increased from 1,293,000 numbers in 1970 to 2,278,000 in 1981. Needs in this area are considerably greater, however. The waiting period for an apartment telephone, especially in new apartment blocks or in the country, continues to grow. The number of pending applications for new telephones increases year by year; at present there are over 1 million pending applications.

Radical change in the current state of telecommunications is difficult. Therefore, the Ministry of Communications has commenced various activities; e.g., modernization of the telephone network in accordance with equipment produced by national industry, in order to resolve these problems systematically.

In order for the Polish Post Office, Telegraph and Telephone Enterprise to be self-financing, the cost of basic telecommunications services will have to increase this year by approximately 7 billion zlotys. At present, the existing technical base must be maintained and a minimum amount of funds for constructing the necessary telecommunications instrumentation must be acquired in order to guarantee continuity in the functioning of the national economy and to meet social needs for telephones; this also concerns apartment telephones and the housing infrastructure, including nurseries and preschools. The telephone today is not and cannot be a luxury. For sick people, invalids and single mothers, it frequently constitutes the only means by which to call for help or to take care of important daily tasks. It is indispensable for many professional groups; doctors, journalists, teachers, scientists and creators, craftsmen and farmers. In general, this concerns the elimination of "blank spots" on Poland's telephone map. The lack of indispensable means could cause the curtailment or renouncement of the implementation of capital-intensive or necessary telecommunications installations, limitation of experiences in telecommunications services or it could become the causative reason for the destruction of existing costly instrumentation. Thus, the issue of telecommunications development is a matter not only for the ministry but also for all of us.

Ministerial Undertakings to 1985

Taking into consideration the current situation and also social needs, the Ministry of Communications has recognized the following to 1985:

In the area of Local Telephones:

--an aim to achieve the highest number of telephone subscribers (it is estimated that the growth of subscribers for 1981-85 will be 350,000);

--in accordance with exhausting the possibilities of moving existing reserves, an enlargement of efforts to complete currently implemented investments or an undertaking of reconstruction of existing exchanges and urban networks (in this situation, there is a shortage of possibilities for installing telephones in many new apartment blocks in large urban centers, chiefly as a result of the halting of new installations for telecommunications needs);

--development of urban telephone exchanges in 1982-85, which will be based chiefly upon the instrumentation of national production;

--transfer in the next 5 years to a seven-numeral system for telephone subscribers in Warsaw as a result of the exhaustion of telephone numbers; this will be a costly undertaking, but necessary because it is dependent on further development of the telephone network in Warsaw; and

--in the development of an urban telephone system, agriculture will be given preference.

In the Area of a Long-distance Telephone System:

--completion of the construction of three long-distance telephone systems in Lublin, Szczecin and Wroclaw and development of a telephone network in Gdansk; this will give a full automatic telephone system among these urban areas;

--extension of automatic exchanges: international in Warsaw and three automatic long-distance exchanges in Warsaw, Cracow and Poznan;

--completion of the construction of the Telecommunications Center for Long-distance Telephone Service in Warsaw and resumption of the reconstruction of the Voivodship Telecommunications Center in Wroclaw; and

--minimum work to complete the automatic long-distance system.

Modest Base of the Post Office

Providing of postal services relies on the transmission of material carriers of information. This takes place primarily through the use of transportation and the human factor. This manner of transferring information differentiates the post office from telecommunications, in which the transference of information occurs through the use of electrical energy. Transformation of energy for purposes of communications requires considerable material and financial

outlays. In comparison to telecommunications, the development of the post office is considerably less capital-intensive, which is why in the country's current economic situation one can and should create suitable conditions for the development and the improvement of the quality of postal services.

The post office supplies 73 kinds of services in the national turnover. Basic services include mail, packages and money orders, which can be broken down as follows according to 1980 data:

--mail (including magazines)--1.9 million;

--packages in national turnover--24.1 million;

--money orders--285.4 million.

The existing potential of the post office is not able to guarantee efficient and expeditious delivery of mailings. Needs in this area are determined by the technological process of service experience. The most important elements of the process are transmission, distribution, expedition, transportation and delivery of mailings. The efficient expedition of deliveries then is decided by individual factors in the entire system, and especially transport positions, junction offices handling distribution and expedition, interoffice delivery, outposts preparing mailings for delivery and delivery in various geographical situations.

Within the post office's services process, the most important event is the preparation of deliveries in the junction offices. There are currently 84 postal junctions, of which 15 have key significance in the transfer and distribution of mailings. Most of these junctions have installations not prepared to cope with the demand. For several years, the shortage of space has increased, estimated now at approximately 150,000 square meters. Such a state does not facilitate the use of technical work means, and division-transfer activities are based almost exclusively on manual labor (it happens that the mass of mail per employee per day even exceeds 12 tons).

Guaranteeing efficient functioning of the post office depends in large measure on the transportation of mailings.

In the last few years, the shortage of transportation means has increased. As a result of the technical aging of postal trucks, their quantity has decreased from 518 to 329 during the period 1970-80. Thus, the need to reduce urban postal transportation via PKP [Polish State Railways] by 20 percent has occurred. At the same time and independent of this, the shortage of new vehicles and replaceable parts has reduced the number routes for trucks by 23 percent, for motorcycles by 75 percent and for airplanes by 38 percent.

The efficient functioning of the post office also depends on the suitable development of the junction network. The consistency of this network determines the accessibility of postal services to clients. In 1980, there were 8,147 open postal offices, serving 4,486 persons per office on 38.4 square kilometers of space. These data cover the entire country and constitute the

statistical average. The network should be analyzed from a regional viewpoint, taking into consideration the dissimilarity between the city and the country. Moreover, there are large differences in individual voivodships.

For example, the number of inhabitants per outpost is 4,400 in Jelenia Gora to 10,200 in Warsaw, and the area in square meters served by an outpost is 11.9 in Lodz to 69 in Suwalki.

It should be emphasized that not only is the consistency of the junction network not adequate, but also the local conditions and stock of basic equipment and technical installations are insufficient.

The presented shortages in the services system show that the quality of postal services is inadequate. Almost one-third of the urban deliveries are not completed, waiting time at the post office in the city takes 20 minutes on the average and there are cases of theft and fraud.

How To Prevent This Situation From Getting Worse

In order to halt the process of worsening quality in postal services, a wide array of technical and organizational corrections and new technical solutions have been put into place. Among them are a codal system for addressing mailings, a new technology for accepting registered letters, experimental initiation of a control system and money order services through the help of minicomputers, introduction of self-service devices of various kinds, use of equipment to separate packages, experimental initiation of a transfer system for packages in containers, technical simplification of customs and decentralization of overseas mail.

These undertaking would allow for a considerable halting of the speed of decline in the quality of services, but they would cause neither a lasting growth in service potential nor contribute to a radical correction of it. Suitably, in accordance with social needs, the growth in service potential could take place as follows:

--construction and modernization of 54 offices in 1982-85 and 25 more in 1986-90;

--construction and modernization in 1982-90 of 1,300 postal functions and adaptation of 600 rooms into functions; and

--complete fulfillment of postal needs through transportation needs and installation of mechanization and equipment.

In the case of completing these conditions, the time required for mail delivery, measured from the moment of transmission to the moment of delivery, should not exceed 48 hours, the time for package delivery 72 hours and postal office services 7 minutes.

Noninvestment Activities

In the country's current economic situation and the economic situation of the Polish Post Office, Telegraph and Telephone Enterprise, the Ministry of Communications is concentrating its activities on noninvestment undertakings, and thus is establishing simplification of work technology and documentation (e.g., a new technology for package delivery was worked out, package zones were eliminated, a new technology guaranteeing valuable letters and packages was introduced and activities tied to the delivery of registered mailings were simplified). A system for delivery of registered packages through expansion of the delivery network was introduced. Decentralization of overseas mail was introduced, and creation of more postal-customs divisions in Bydgoszcz, Wroclaw, Rzeszow, Olsztyn, Bialystok and Lublin is planned.

In order to correct the delivery system, connections in the postal communications network were implemented. Further work on the containerization packages will be introduced. Moreover, employees will be transferred to areas having the greatest personnel shortages.

Noninvestment activities implemented by the Ministry of Communications have the character of immediate activities. It is understood that these types of activities will bring and already can bring further benefits, but, however, without investment, they will not be sufficient to bring about a basic correction of the situation in the ministry.

Telecommunications Problems

Warsaw TRYBUNA LUDU in Polish 19 Aug 82 pp 1, 2

[Article by M. Wodzicki]

[Text] On Saturday, the chairman of the CK SD [Democratic Party Central Committee], vice premier Dr Edward Kowalczyk, accompanied by the Minister of Communications, Dr Wladyslaw Majewski, met with the aktiv of the work force from the Main Office of the Long-distance Telecommunications Enterprise "Polish Post Office, Telegraph and Telephone."

During the meeting, the vice premier became acquainted with the economic and socio-locational problems of the work force. The vice premier also was interested in the course of efforts designed to get the country's first electronic long-distance exchange going.

This exchange was built by Polish telecommunications specialists based upon elements in the licensing system. Thanks to the new exchange, the long-distance exchange in Warsaw will be enriched by 1,800 new connection points, of which 600 will be for overseas connections. This will facilitate the possibility of simultaneous, automatic international connections.

GUTM [National Communications Center] director Mieczyslaw Kula informed the vice premier about the office's work. Thanks to the efforts of 1 3,000-member work force, GUTM makes possible communications with the entire world. After eliminating a wide array of restrictions on communications after the imposition of martial law, there are now only restrictions on automatic calls overseas and on telex communications (only Warsaw has the possibility of direct communications with foreign subscribers).

During a 24-hour period, long-distance calls from abroad can reach 3,000. There are also approximately 8,000 telegrams and 5,000 telex messages. The number of serviced clients is approaching that of 12 December last year.

During his discussions with the work force, the vice premier informed the workers about the government's activities designed to lead the country out of the crisis and to implement the foundations of national understanding. He also responded to their questions on the future of telecommunications.

He stated that by the end of the year--as permitted by the situation in the country--automatic telephone and telex communications abroad will be restored. There will also be an attempt made to procure from abroad a telex exchange which still uses the old method of manual connections. Warsaw is the last capital in Europe that does not yet have such an exchange. This makes GUTM's work more difficult and reduces the number of connections. Discussions with foreign producers were broken off after the United States introduced its embargo on equipment deliveries to Poland.

An urgent task is completion of the construction of a building for the long-distance exchange that will be the basis for further development of communications in the country. "We shall," the vice premier emphasized, "achieve a systems-type solution to telecommunications requirements in accordance with economic reform and national needs. We have the first optimistic data indicating that we have begun to bring the country out of the economic crisis. A correctly functioning telecommunications network must become the basis to organize the modern, efficient administration of the country."

Transcoder Replacing Teleprinters

Warsaw RZECZPOSPOLITA in Polish 16-17 Jan 82 p 6

[Text] In the Military Institute of Communications in Zegrze, scientists have developed a transcoder that can change the code used in the character-mosaic print working in the ISO code. This new technique increases the printout information coming from the teleprinter code (Number 2 or ASCJJ). Use of this invention is tied closely to the data transmission system. For now, this invention is used by the Ministry of National Defense, which gives benefits, such as the elimination of imported teleprinters (e.g., T-51, T-63), the possibility of rapid multiprints from perforating tape, less required electricity and reduction of noise level.

After an adequate breaking in, the transcoder can be used in systems of reception and printout information not needing confirmation.

It could be used in PAP recieving stations, TV, etc. Successful use in printing (DZM) [expansion unknown] could lead to imported teleprinters. The Polish Patent Office has included this invention on the list of creative accomplishments requiring rapid mass usage.

National Radio Broadcasting Plan

Warsaw ANTENA in Polish 26 Jul-1 Aug 82 p 14

[Text]

Broadcast Hours

PR I --long wage	24 hours	normal days	5.57 — 24.00
PR II --middle waves, ultra-shortwave		holidays	6.57 — 24.00
PR III--ultra-short wave		normal days	9.00 — 16.00
PR IV --ultra-short wave		holidays	8.40 — 16.00
		Saturdays	8.57 — 1.00
		other days	6.57 — 24.00
		from Mondays	5.57 — 9.00
		to Fridays	10.00 — 1.00
		Sundays, holidays	5.57 — 1.00
			7.27 — 1.00

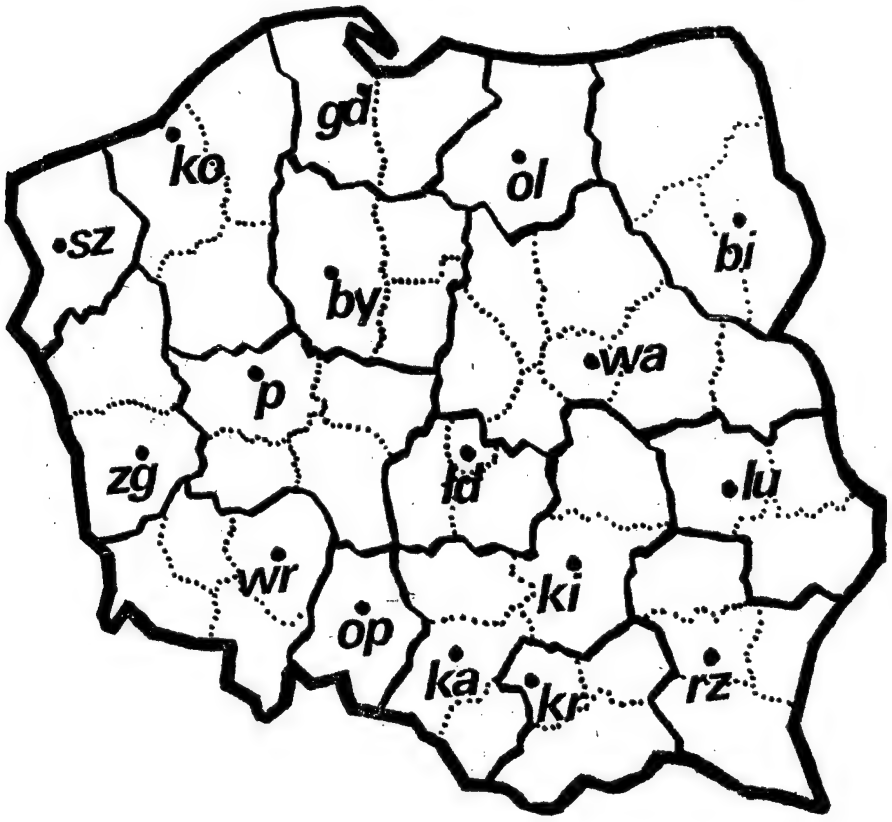
Attention: 1) program IV is broadcast in stereo and mono versions. The remaining programs are only monophonic.
2) local radio broadcasts are only on PR IV

Frequency of Broadcast Stations

PR I long-wave		PR II middle and long wave	Ultra-short waves PR II	PR III	PR IV	Antenna UKF
Białystok		1385 (III)	71,84	72,80	70,01	H
			71,12	72,68	68,60	V
Bydgoszcz			71,04	72,62	68,96	H
Gdańsk		1385 (III)	67,85	66,29	70,31	H
Katowice		1080	67,79	66,23	68,96	V
			67,55	65,99	68,33	H
Kielce		1286 (I)	71,15	72,71	70,49	H
		1260 (II)				
		1602 x				
Koszalin		1206 (I)	71,84	72,80	69,88	H
		1485 x	67,73	66,17	69,92	V
Kraków		1368 (IV)		71,45	70,31	H
		1485 x	67,67	66,89	68,75	H
Lublin		1206 (I)	71,03	72,59	69,92	V
Łódź		1385 (III)	72,01	72,23	68,51	H
Olsztyn		1485 x				
		1584 x				
		1602 x	67,25	66,56	70,32	H
Opole			70,21	66,77	72,89	H
Poznań		738	68,18	66,62	69,74	H
Rzeszów		1385 (III)	67,46	65,90	68,24	V
		1485 x	72,41	71,69	68,60	H
Szczecin		1260 (II)	67,52	66,74	68,78	H
Warszawa	227	819	71,45	67,94	69,20	H
		908	70,97	72,53	68,72	V
			68,03	66,47	70,22	V
Wrocław		1286 (I)	71,33	72,11	70,67	H
		1584 x	69,56	67,45	69,24	V
				68,73	71,72	H
Zielona Góra		1368 (IV)	72,50	70,94	69,14	H
		1602 x				

I, II, III, IV--synchronized national network
x--international waves
UKF Antenna H: horizontal V: vertical

Continual lines show the range of National Radio broadcasts
Broken lines--voivodship boundaries



CSO: 2600/900

PROGRESS OF ECONOMIC REFORM ASSESSED

Warsaw TRYBUNA LUDU in Polish 29 Sep 82 p 2

[Press briefing by Minister W. Baka, Plenipotentiary of the Government, on the progress of economic reform, summarized by Andrzej Leszczynski]

[Text] As we reported earlier, the Council of Ministers, at its Monday's meeting, has discussed the state and consequences of the implementation of economic reform. the assessment was based on the Report of the Government Plenipotentiary and the motions brought forward during discussion that took place last week in the Committee for Matters of Economic Reform, as well as the opinion of the consultative economic council.

The aggregate of these important matters was dealt with by the government plenipotentiary, Minister W. Baka, at the press conference, held on 28 September 1982 at the Council of Ministers Office.

In our previous reports, our own and the news agency's, we already acquainted our readers with certain aspects of the implementation process of economic reform. Today, after the meeting of the Council of Ministers, we will attempt to present a more comprehensive picture that was outlined by Minister W. Baka at the aforesaid press briefing.

The opinion is often expressed that the effects of economic reform are not being felt in real life. Therefore let us ask the question: does reform exist or not?

The reform went into force on 1 January 1982 (a year ahead of what had been planned) and its implementation in individual economic sectors is proceeding according to the established schedule. This fact is worth to be noted in view of an especially difficult and complex economic situation.

Legislative process is the most advanced. The legal setting consists of 17 Sejm laws and over 40 resolutions and decrees of the Council of Ministers. However, not all the probelms have yet been legally regulated. This concerns in particular the laws that are in preparation: on the new structure and functions of people's councils and territorial self-government, on sanitation and bankruptcy of enterprises, and the anti-monopolistic law.

The process of sinking reform into practice of everyday life is complex. Although the principles of the so-called "3 S" [self-government, self-dependence, self-financing] have been adopted for our whole economy, nonetheless they are not fully "at home" in the trade and in the sphere of social services. Naturally, they are also applied to a lesser extent in militarized enterprises.

A change was also made in the nature of planning. This is exemplified by the project of a plan for the 1980's. This variant of a plan submitted to a social discussion is not as, before, the sum of tasks assigned to lower economic units but does point out general developmental directions.

The process is continuing of a decentralization of economic powers and elimination of intermediate levels of management in the form of former associations (139 voluntary and 40 obligatory associations operate in the country). Gradually there the self-managing staffs are being reactivated. Relying on the most recent data, Minister W. Baka stated at the press conference that self-managing staffs are already operating in 400 enterprises, and 700 more proposals are under consideration.

Question: What are - against the background of this progress in implementation of the new mechanisms - the results to be noted?

Answer: It is difficult after barely eight months of reform to ascribe explicit results to it. The more so since at the same time the economy was strongly influenced by other factors, especially by crisis-related restrictions. One ought however to note certain occurrences.

A check in the rate of production drop has been observed. As we reported, in August 1982 the production showed an increase of one percent compared to the same period of the past year. However, during the past eight months it was 6 percent lower in relation to the past year.

Employment has declined by 5.5 percent. Not so much through the effect of reform mechanisms, as due to early retirement and the use of paid maternity leave.

From May on, labor productivity has grown systematically.

Reform exerts greater and greater effect on the economy of enterprises. To an ever wider extent cost-effectiveness is being applied. Enterprises begin to have faith in self-dependence. A process of putting in order the internal structures and making more efficient the co-production was initiated.

Question: But is reform also not free from criticism?

Answer: It is said that reform is producing a rise in prices, with which the grow of income has not kept up. Although, after a considerable increase in prices early in the year, they gradually stabilized, nevertheless as a matter of fact there are no sufficiently strong incentives for work. Not all enterprises are using their newly gained self-dependence to shape their own intra-factory wage policy. Such policy is however subordinated to the growth of efficiency, quality of work, and increase in production.

The economic reform was introduced in an especially adverse economic situation. This fact may lead to a social sense that a decline in the living standards is the price of reform, whereas in reality it is the price of a crisis.

An opinion is expressed that consequences of the crisis are not being equally distributed over different social groups, and to a greater extent are being felt by the working class and other groups of working people. The government has paid attention to the necessity of a close linkage, on the basis of reform principles, of social policy with economic policy, and a decisive struggle against speculation and social parasitism.

Question: Does not reform in its present shape require changes and corrections?

Answer: Up to now, the experience of half a year leads to the conclusion concerning a need of introducing certain modifications aimed at economic uplift, enhancement of motivation, and limitation of price rises. The findings of the Council of Ministers move in this direction.

The possibility of introducing of an anti-inflation tax paid by enteprises on increase in prices after 1 July 1982 is under consideration.

The increase of prices would also be prevented by the introduction of the so-called category of justified cost of production and the extension of the range of regulated prices to semi-finished products and subassemblies.

The work on modification of the system of taxes paid by enterprises aimed at alleviation of their progression is in progress; it would serve as an incentive to increase production.

The remuneration system is in need of fundamental reconstruction. The social discussion on this subject has already begun and its results should bear fruit already by the beginning of next year.

The reform was started, but its implementation does not take place easily. Apart from complex dependence on economic conditions, there also exist other barriers in the form of routine, lack of understanding of changes undertaken, and attachment to old models.

In discussions, attention is being called to the danger of a tendency to retreat from the assumptions of reform, motivated by especially difficult economic conditions. This would mean wrecking the chance of rebuilding the economy and delaying the time of overcoming the crisis. This position has been taken by the government, expressing at the same time the firm will of a consistent implementation of the reform.

It is also worth while to emphasize another thought stressed very clearly in the report. Understanding the essence and aims of the reform by society has a fundamental influence on the socioeconomic policy and directly affects the functioning of the economy.

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CSO: 2600/19

NATIONALITY STRUCTURE OF EMPLOYED, UNEMPLOYED IN KOSOVO

Pristina RILINDJA in Albanian 4 Sep 82 p 8

[Text]

STRUKTURA KOMBËTARE E TË PUNËSUARVE DHE E TË PAPUNËVE NË KOSOVË

1 Kombësia	2 Numri i banorëve (1981)	%	3 Numri i të punësuarve Mesatarja më 1980	%	4 Numri i të papunëve gjendja më 30 qershor 1982	5 %	I punësuar	
Shqiptarë 6	1.227.424	77,4	114591	64.9	59684	79,6	çdo i 11 banor	5a
Serbë 7	209.792	13,3	45.183	25,9	10J 97	13,6	çdo i 4,6 banor	5b
Malazias 8	26.875	1,7	7.447	4,3	1.134	1,5	çdo i 3,5 banor	5c
Turq 9	12.578	0,8	2246	1,3	487	0,7	çdo i 5,6 banor	5d
Myslimanë 10	58.948	3,8	2.724	1,3	1387	1,9	çdo i 21,6 banor	5e
Të tjerë 11	48.941	3,1	4.198	2,3	1525	0,7	çdo i 11,6 banor	5f
Kosova 12	1.564.558	100	176.398	11,4	74947	27,3	çdo i 8,7 banor	5g

13 JUGOSLLAVIA 1981

17 Republikat dhe krahinat	18 Numri i banorëve sipas regjistrimit të vitit 1981	14 Numri i të punësuarve Mesatarja më 1981	15 Kërkonin punë 1) %	20 Mesatarja më 1981	16 I punësuar %	
B. e Hercegovina 21	4.124.008	848.800	20,6	142.912	24,0çdo i 4,8 banorë	16a
Mali i zi 22	584.310	132.200	22,6	24.202	20.0çdo i 4.4 banorë	16b
Kroacia 23	4.601.469	1.408.700	30,6	86.279	13.5çdo i 3,2 banorë	16c
Maqedonia 24	1.912.257	432.800	22,6	126.645	29,6çdo i 4,4 banorë	16d
Sllovenia 25	1.891.864	778.500	41,1	12.315	6,0çdo i 2,4 banorë	16e
Serbia (pa krahina) 26	5.694.464	1.474.400	25,9	262.847	21,3çdo i 3,9 banorë	16f
Kosova 27	1.584.441	181.800	11,4	71.571	35,0çdo i 8,7 banorë	16g
Vojvodina 28	2.034.772	559.900	27,5	81.852	18,3çdo i 3.6 banorë	16h
RSFJ 29	22.427.585	5.817.100	26,0	808.623	19,2çdo i 3,8 banorë	16i

1) Norma e të papunëve është llogaritur duke përfshirë në këtë kategori edhe ata që përkohësisht janë në botën e jashtme 30

Key:

1. Nationality
2. Number of Inhabitants (1981)
3. Number of workers--average in 1980
4. Number of unemployed as of 30 June 1982
5. one employed person
5a. to every 11 inhabitants
5b. to every 4.6 inhabitants
5c. to every 3.5 inhabitants
5d. to every 5.6 inhabitants
5e. to every 21.6 inhabitants
5f. to every 11.6 inhabitants
5g. to every 8.7 inhabitants
6. Albanians
7. Serbs
8. Montenegrins
9. Turks
10. Moslems
11. Others
12. Kosovo

13. Yugoslavia 1981
14. Number of employed
15. Number seeking work 1)
16. one employed person
16a. to every 4.8 inhabitants
16b. to every 4.4 inhabitants
16c. to every 3.2 inhabitants
16d. to every 4.4 inhabitants
16e. to every 2.4 inhabitants
16f. to every 3.9 inhabitants
16g. to every 8.7 inhabitants
16h. to every 3.6 inhabitants
16i. to every 3.8 inhabitants
17. Republics and provinces
18. Numbers of inhabitants according to 1981 records
19. Average in 1981
20. Average in 1981
21. Bosnia-Hercegovina
22. Montenegro
23. Croatia
24. Macedonia
25. Slovenia
26. Serbia (not including the provinces)
27. Kosovo
28. Vojvodina
29. SFRY
30. 1) Also included in this category are those temporarily abroad

CSO: 2100/2

NEWSPAPER CIRCULATION, 1981-82 SEMIANNUAL COMPARISON

Belgrade NASA STAMPA in Serbo-Croatian Jul-Aug 82 p 7]

[Excerpt] Legend:

UPOREDNI PREGLED

(1) **PROSEČNO ŠTAMPANOG I PRODATOG TIRAŽA DNEVNIH LISTOVA ZA PERIOD I-VI 1981. I 1982.**

(2) Naziv lista	(3) Štampani			(4) Prodati		
	1981.	1982.	ind. (4a)	1981.	1982.	ind. (4a)
5 **SR BIH**						
OSLOBOĐENJE	80.598	83.869	104	66.886	72.114	108
SAR. NOVINE	17.993	18.169	101	13.772	15.117	110
6 **SR CRNA GORA**						
POBJEDA	22.600	22.411	99	20.335	19.760	97
7 **SR HRVATSKA**						
VJESNIK	89.436	87.327	98	73.250	70.630	96
VEČ LIST	298.980	319.884	107	268.992	289.733	108
SPORT. NOVOSTI	151.488	165.324	109	121.353	139.084	115
SLOBODNA DALMACIJA	71.364	75.360	106	63.234	67.430	107
NOVI LIST I GL. ISTRE	71.696	74.471	103	64.135	58.088	106
GLAS SLOVENIJE	15.423	14.616	95	13.432	12.960	96
LA VOCE DEL POPOLO	4.201	4.137	98	2.920	2.901	99
8 **SR MAKEDONIJA**						
NOVA MAKEDONIJA	28.111	28.426	101	23.463	24.070	103
VEČER	30.714	33.058	108	26.189	28.055	107
9 **SR SLOVENIJA**						
DELO	101.798	102.374	101	96.078	97.842	102
DNEVNIK Ljub.	56.053	54.641	97	53.345	51.951	97
VEČER Marib.	58.509	59.016	101	55.727	55.499	100
10 **SR SRBIJA BEZ TER. SAP**						
BORBA	52.705	48.544	92	39.360	35.519	90
VEČ.NOVOSTI	352.792	380.315	108	312.994	336.666	108
SPORT	106.126	119.310	112	84.441	97.540	116
POLITIKA	284.086	274.477	97	242.762	242.136	96
EKSPRES	251.461	305.284	121	222.669	272.828	123
NARODNE NOVINE	8.354	8.163	8	7.051	7.199	102
PRIVREDNI PREGLED	17.653	16.306	92	17.653	16.306	92
11 **SAP KOSOVO**						
RILINDJA	42.161	43.851	104	39.631	38.128	96
JEDINSTVO	12.043	9.487	79	9.931	7.543	76
12 **SAP VOJVODINA**						
DNEVNIK	32.084	34.819	109	26.745	30.203	113
Magyar SZO	29.840	29.582	99	25.882	25.862	100

1. Comparative Survey
   Average Number of Copies of Daily Papers Printed and Sold January-June 1981 and January-June 1982

2. Title of Newspaper

Key continued:

2. Title of Newspaper

3. Printed

4. Sold

4a. Index

5. Socialist Republic of Bosnia-Hercegovina

6. Socialist Republic of Montenegro

7. Socialist Republic of Croatia

8. Socialist Republic of Macedonia

9. Socialist Republic of Slovenia

10. Socialist Republic of Serbia (not including the Autonomous Provinces)

11. Socialist Autonomous Province of Kosovo

12. Socialist Autonomous Province of Vojvodina

CSO: 2800/30

END